

## Part 2A of Form ADV: Firm Brochure

### Item 1 - Cover Page

**Name:** Vassalou Capital Management, LP  
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The date of this brochure is October 29, 2019.

**This brochure provides information about the qualifications and business practices of Vassalou Capital Management, LP (“Adviser”). If you have any questions about the contents of this brochure, please contact the Adviser at [clientservices@vassaloucapital.com](mailto:clientservices@vassaloucapital.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to the Adviser as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

Vassalou Capital Management, LP has not yet been required to file an annual update to its brochure and, therefore, there are no material changes to report in this Item. In the future, this item will be used to report any material changes in accordance with the instructions to Form ADV.

**Item 3 - Table of Contents**

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**Item 4 - Advisory Business**

Vassalou Capital Management, LP (“Adviser,” “we” or “us”) is a Delaware limited partnership that commenced business operations in or about August 2019. The Adviser was founded, and is principally owned and controlled, by Maria Vassalou. Vassalou GP, LLC is the general partner of the Adviser and is also principally owned and controlled by Maria Vassalou.

We generally invest on behalf of our clients in long and short positions in a dynamic global diversified portfolio with exposure to equity indices, currencies, sovereign debt, commodities and credit indices.

We provide investment advisory services to private investment funds. In particular:

- (i) we manage VCM Global Macro Master Fund LP, VCM Global Macro Fund LP and VCM Global Macro Offshore Fund Ltd. (each, a “Fund” and, collectively, the “Funds”), and VCM Dynamic Multi-Asset Fund LP (the “Dynamic Fund”); and
- (ii) we subadvise a portion of an investment portfolio of a private investment fund managed by an unaffiliated investment manager (the “Subadvised Fund” and, together with the Dynamic Fund, the “Other Funds”).

VCM Dynamic Multi-Asset Fund GP LLC is the general partner of VCM Dynamic Multi-Asset Fund LP, and VCM Global Macro GP LLC is the general partner of VCM Global Macro Master Fund LP and VCM Global Macro Fund LP (each, a “General Partner” and, collectively, the “General Partners”). Like the Adviser, the General Partners are principally owned and controlled by Maria Vassalou. Unless and only to the extent that the context otherwise requires, references to the Adviser, we or us herein are deemed to include references to the General Partners as well.

We currently provide discretionary investment advice to the Funds and the Other Funds. In the future, we may provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts (collectively with the Funds and the Other Funds, “clients”).

The Funds are managed in accordance with their own investment and trading objectives, as described in their respective offering documents and/or governing agreements. We generally do not permit investors in the Funds that we manage to impose limitations on the investment activities described in the Funds’ offering documents.

Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case-by-case basis.

As of September 30, 2019, we managed approximately \$873,593,171 in regulatory assets under management for our clients on a discretionary basis. Currently, we do not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

The extent to and specific manner in which our clients are responsible for fees, performance-based compensation and/or expenses are set forth in each client's applicable written agreement with us and, in the case of the private investment funds that we manage, in the offering documents for such funds.

We generally deduct our management fees from the Funds monthly in arrears. Generally, we are entitled to receive performance-based allocations from the Funds either on an annual basis in arrears or upon the distribution of capital. We also may receive performance-based allocations on a withdrawal by a Fund investor.

The Funds will generally bear all costs and expenses associated with their operations, including, without limitation: (i) all organizational and offering expenses; (ii) all expenses incurred in connection with the investments made or considered by the Funds, including without limitation, management fees, brokerage commissions, expenses related to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expense, investment-related travel expenses (including, without limitation, travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Funds' investments, whether or not such investments are consummated, incurred by the Adviser or the applicable General Partner) and professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; (iii) all legal, administrative, accounting, tax, valuation, audit and insurance expenses, including fees of the Funds' administrator and any fees incurred by the Adviser to comply with the custody rule under the Advisers Act as well as independent director fees; (iv) all costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including, without limitation, filing fees); expenses related to preparing and making regulatory and compliance filings (including Form PF) associated with the Funds and their investment activities (including, without limitation, filing preparation and fees, software and systems in connection with such filings and expenses of service providers such as consultants and advisers); (v) all research-related expenses, including statistical and market data, conferences, software and software consulting; and (vi) all extraordinary expenses, such as litigation expenses. The Funds will also bear their pro rata share of the expenses of the applicable General Partner and related affiliated entities.

The fees, performance-based compensation and/or expenses that are applicable to clients other than the Funds are negotiated on a case-by-case basis, and will differ in one or more respects from those applicable to the Funds.

Management fees, performance-based compensation and/or expenses may be reduced or waived in certain circumstances, including, without limitation, with respect to investments in the Funds by our personnel and/or other related persons. Management fees and performance-based fees or allocations are generally not refundable, including upon the termination of the advisory contract.

To the extent that we incur any expenses for the benefit of multiple clients, we generally

will allocate such expenses in a reasonable manner among such clients. However, it is possible that under some of our advisory contracts we may not require a client to incur certain expenses, despite the fact that such client will receive a benefit in connection with our incurrence of such expenses. In such an event, the other clients may bear the additional share of any such expenses that would have been allocable to the client that is not required to incur such expenses.

We will allocate a portion of certain clients' capital to exchange-traded funds or derivatives thereof, and may do so with respect to money market funds or similar fee-bearing products, or private investment funds and accounts, that are managed by other investment managers. In that case, such client accounts generally would be responsible for paying any and all fees, performance-based compensation and expenses associated with such products, which would be in addition to those discussed above.

The Adviser and its personnel generally can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients and client portfolio investments, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as a client expense typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is borne by clients. The value of such benefits and perquisites will neither be subject to an offset against fees or expenses payable by clients nor will they otherwise be shared with clients and/or portfolio investments.

In some cases, our clients, investors and/or strategic partners will agree to pay or reimburse some or all of our overhead expenses.

Our founder serves on the board of directors of certain issuers as described in Item 10, and in such capacity is reimbursed by such companies for travel costs and other expenses related to attendance at board meetings.

For a summary of our brokerage practices, see Item 12 below.

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

As generally described above in Item 5, our clients pay management fees. In addition, we may receive performance-based compensation (which may take the form of a performance allocation, performance fee, carried interest or other payment) from certain clients. Performance-based compensation will conform to Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), to the extent applicable.

We generally are entitled to receive annual performance-based fees or allocations from the Funds, which are based on a percentage of the capital appreciation of client assets or the return on invested capital, subject to a high-water mark. Fund investors are provided with detailed disclosure in the applicable offering documents of such Fund as to how the relevant performance-based compensation is calculated and charged.

The terms of the compensation that we receive may differ among the client accounts that we advise. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor an account from which we are entitled to receive performance-based compensation (or greater performance-based compensation) over other accounts. To avoid such a conflict of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the compensation to which such accounts are subject.

When we determine that a particular trading opportunity would be desirable for more than one client, we generally seek to allocate such opportunity among such clients in a manner that we deem fair and equitable under the circumstances existing at such time. The factors that we may consider in making such determination include (but are not limited to): the relative amounts of capital in each client's account available for new positions of the type at issue; the mandate of each client account; our perception of the appropriate risk/reward ratio for each client account; the intended objective and strategy of each client account and any applicable investment or risk targets, restrictions or guidelines; the liquidity of each client account at the time of investment and thereafter; the ability to add positions to a client account on a leveraged basis; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; whether the position is an "odd lot"; whether certain accounts would receive nominal or de minimis allocation amounts; transaction costs; position size; industry exposure; market exposure; gross, net, long and short exposure; applicable legal, tax and regulatory considerations; the overall portfolio composition of each client account; and such other considerations that we determine to be relevant at such time. Additionally, we may consider if a client is in its initial investment period or ramp-up phase or whether it has received a capital infusion or withdrawal request (including private investment fund clients with substantial investments by related persons of the Adviser), and priority may be given to that client so that it may reach its desired position quicker than it otherwise might.

Notwithstanding the foregoing, there can be no assurance that certain allocation decisions will not directly or indirectly adversely affect our clients, even if such decisions are made in good faith. Allocations are subject to a significant degree of discretion exercised by us, including, but not limited to, in connection with portfolio rebalancing, investing in new, different or additional investment strategies and in connection with admissions and withdrawals of investors to and from the private investment funds that we manage. Even allocations designed to mitigate conflicts do not eliminate the possibility that an allocation of assets will not adversely affect our clients.

Our personnel and/or other related persons may invest in one or more of our clients. In such case, we may have an incentive to favor the client(s) in which they have a greater economic interest and/or may have a conflict of interest in allocating investment opportunities among those client accounts and other client accounts. In order to mitigate these potential conflicts, we will generally follow the documented procedures referenced above.

As management fees and performance-based compensation are based directly on the net

asset value of client accounts, we have a conflict of interest in valuing the assets held in the accounts. We generally expect that the majority of positions in client accounts will be priced using independent sources of market data. To the extent that we are responsible for valuing a client's assets, we will follow our documented valuation policies in order to mitigate this risk.

Since the amount of fees paid/allocation made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause clients to make investments that are riskier or more speculative than would be the case if such fees/allocation were not dependent on the clients' net asset value and profitability. We recognize that we have a fiduciary duty and as such must act in the best interests of our clients.

Clients and investors in the Funds and the Other Funds are urged to review their applicable investment management agreements and/or offering documents for information regarding the specific fees, performance-based compensation and expenses applicable to them.

### **Item 7 - Types of Clients**

We provide investment advice to clients who are private investment funds. Investors in such private investment funds generally must qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended ("Securities Act")) and "qualified clients" (as defined in Rule 205-3 of the Advisers Act), and may be subject to other suitability requirements to the extent provided in the applicable private investment fund offering documents. We may provide investment advice to other types of clients in the future.

The minimum initial investment in the Funds is \$5,000,000, subject to the Funds' discretion to accept lesser amounts. We will determine the minimum investment amount (and any other conditions for opening and maintaining an account) for other clients on a case-by-case basis.

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

#### Global Macro Strategy

The principal investment objective of this strategy is to achieve attractive absolute returns across diverse market environments by investing in a global diversified portfolio of asset classes, including, without limitation, equity, currencies, sovereign debt, commodities and credit. This strategy generally seeks to accomplish its objective by investing primarily in major equity and credit indices rather than specific issuers, such as regional and sector indices throughout Europe, Asia Pacific and North America (primarily through futures and exchange traded funds ("ETFs"), total return swaps and other derivative instruments), major liquid currencies (primarily through forwards and futures), major commodities, highly rated sovereign debt (such as U.S. Treasuries, German Bunds and Canadian bonds, through a combination of cash and futures), credit (primarily through index swaps) and short-term deposits, such as Eurodollar, Euribor, Sterling and Euroyen

(primarily through futures). The strategy is designed to target specific, customizable volatility levels over the long term.

#### Dynamic Asset Allocation Strategy

This strategy is a fundamentally driven, systematically implemented volatility targeting strategy with a focus on risk management. This strategy is based on fundamental macro-economic research intended to establish predictive relationships between macro-economic factors and asset returns. These principles are implemented in a systematic investment framework. Its selection of asset classes and relatively high concentration make it a strategy that may be more suitable for large asset allocators who may struggle with over diversification.

The investment approach incorporates an analysis of the current economic environment as well as a prediction of the evolution of the business cycle dynamics, and their implications for different asset classes. This strategy seeks to invest in a central economic scenario likely to transpire at each point in time and dynamically adjust positions to respond to changes in that scenario while adhering to an applicable volatility target. While this strategy aims to maximize absolute return subject to volatility constraints, in some cases it seeks to outperform, on a risk-adjusted basis, a static strategic asset allocation benchmark, targeting alpha through shorting, leverage and/or dynamic allocation of risk.

The development of an investment strategy for each of our clients is an ongoing process. The strategies, techniques and methods described above will therefore be modified by us from time to time and over time. There is no limitation on the investment strategies, techniques, methods or processes which we may adopt for any particular client or the factors that we may take into account in analyzing investments for our clients. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives, or employ other strategies, techniques, methods or processes, that we consider appropriate and in the best interest of the clients, without notice to them or their consent, except to the extent that our written agreement with a client may provide otherwise.

The above description of our investment strategies, techniques, methods and processes is intended only as a general overview, and is subject to the specific terms of our written agreements with clients.

#### Risk of Loss

A brief summary of the material risks involved with our significant investment strategies and methods of analysis follows. An investment in a private investment fund and/or separately managed account involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with such an investment. With respect to the risks discussed below, references to clients and their investments should be understood to include investments made by the Adviser on behalf



of clients, unless the context requires otherwise. Investors are urged to review the written agreement or offering documents applicable to their investment for additional information concerning the risks applicable to them. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

*General Investment and Trading Risks.* All securities investments present a risk of loss of capital. Use of leverage and volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, the client could experience losses. No guarantee or representation is made that the client's investment program will be successful, that the client will achieve its targeted returns or that there will be any return of capital invested to investors. In addition, investment results may vary substantially over time.

*No Operating History.* We were formed in 2019 and have no operating history upon which investors can evaluate the likely performance of accounts managed by us. The prior performance of any other entity or account managed by Maria Vassalou should not be relied upon to predict the future performance of any account managed by us.

*Business Dependent upon Key Individual and Individual Judgment.* Our operations are dependent upon our portfolio manager, Maria Vassalou, who is also our founding principal. The individual judgment and discretion of Ms. Vassalou are fundamental to the implementation of our strategies. There can be no assurance that such individual judgment will be accurate, achieve profits or avoid losses. If Ms. Vassalou were to become unable to directly participate in our management, the consequences may be material and adverse and may lead to the premature termination of our management of client assets.

*Concentration of Investments.* Unless we agree otherwise, a client is not restricted in the amount of its capital that it may commit to any issuer, security, industry sector or geographic region, and at times clients may hold a relatively large concentration in a limited number of issuers, securities, industry sectors and/or geographic regions. Losses incurred in connection with those investments could have a material adverse effect on a client's overall financial condition. This is because the value of a client's portfolio will be more susceptible to any single occurrence affecting one or more of those issuers, securities, industry sectors or geographic regions than would be the case with a more diversified investment portfolio.

*Limited Liquidity of Investments.* Our investment strategies generally are intended for long-term investors who can accept the risks associated with an indirect investment primarily in instruments that involve a high degree of financial risk and are potentially illiquid. There is no public market for interests in the Funds or the Other Funds, and no such market is expected to develop in the future. It is possible that the strategies will not return any of an investor's capital, and prospective investors should not invest unless they can readily bear the consequences of such a loss. Given the nature of the instruments that we expect to trade, the primary source of investment-level illiquidity is anticipated to be over-the-counter ("OTC") derivatives (for example, FX forwards or total return swaps). As these instruments represent a contractual agreement with a specific counterparty and

are not fungible, there can be costs and potentially delays in unwinding such instruments, particularly in times of market stress.

*Leverage.* Leverage may be obtained by borrowing funds to make trades or by purchasing or entering into derivative instruments that are inherently leveraged, such as swaps, options, futures and forward contracts. If the interest expense on borrowings or financing cost on derivatives were to exceed the net return on the positions acquired with borrowed funds, a client's use of leverage would result in a lower rate of return than if the client were not levered. If the amount of borrowings which the client may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the client portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any gains made with the additional monies borrowed will generally cause the value of a client's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the client, the value of the client's assets will generally decline faster than would otherwise be the case.

The use of margin and short-term borrowings, as well as leveraged derivative instruments such as futures, swaps and options, creates several risks for our clients. If the value of a client's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the client is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the client's position in some or all of the financial instruments that are in the client's accounts at the prime broker and cause the client to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by our clients. This could increase exposure to the risk of a counterparty default since, under such circumstances, our clients may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under our clients' agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of our clients.

The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit, as well as due to overall market conditions. If, due to market fluctuations or other reasons, the value of a client's assets should fall below required regulatory or counterparty imposed levels, the client will be required to reduce its debt by selling securities in its long portfolio.

*Quantitative Model Risks.* We will employ quantitatively-based financial/analytical models to aid in the selection of investments, to allocate investments across various strategies, sectors and risks and to determine the risk profile on behalf of our clients. If any such quantitative models are employed, the success of a client's investment and trading activities will depend, in large part, on the viability of these models. There can be no assurance that the models are currently viable or, if the models are currently viable, that they will remain viable during the term of any client account. Also, there can be no assurance that the investment professionals utilizing the models will be able to (i) determine that any model is or will become not viable or not completely viable or (ii)

notice, predict or adequately react to any change in the viability of a model. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of a client.

In addition, our decisions are based on our assumptions, assessments and estimates, as well as our personnel, which are subject to error.

In seeking to implement our trading program, we, among other things, generally seek to monitor the risk of each trading strategy and the correlation of, and among, the constituent asset classes. Such determinations are based upon our forecasts and estimates, and on analysis of historical data and events. These determinations may, for a variety of reasons, fail to accurately predict the risk and correlation of such asset classes, because of scarcity of historical data in respect of certain asset classes, because of limitations of estimation methodologies or because future events may not necessarily follow historical norms. Accordingly, there can be no assurance that we will be successful in implementing our trading program, including, without limitation, its risk control goals.

*Obsolescence Risk.* Our clients are unlikely to be successful unless the assumptions underlying our quantitative model are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trades will not be generated. If and to the extent that the models do not reflect certain factors, and we do not successfully address such omission through testing and evaluation and modify the models accordingly, major losses may result. Existing models may be modified from time to time as a result of testing, evaluation and/or the addition of new models. Any modification of the models will generally not be subject to any requirement that clients or investors therein receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on our clients' performance.

*Risk of Programming and Modeling Errors.* The research and modeling process engaged in by the Adviser is extremely complex. Although we seek to hire individuals skilled in programming and modeling and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished models may contain an error; one or more of such errors could adversely affect our clients' performance.

*Equity Risk.* Equity markets fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect trades made by us.

*Fixed Income Risk.* We may trade in bonds or other fixed income securities of U.S. and

non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness (spreads), political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

We may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for non-U.S. debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

*High Yield Credit Risk.* A client may invest in "high yield" bonds or gain exposure to indices comprised of high yield bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

*Synthetic Securities.* We expect to invest in index derivatives – for example, credit default swaps and total return swaps. Such instruments, whether exchange traded or OTC, create an exposure to an underlying index which is a combination of multiple securities (the "Reference Securities") with multiple issuers (the "Reference Issuers"). Under such instruments, a client's contractual relationship is with the counterparty or a clearing house and not the Reference Issuers. Thus, such client generally will have no right to directly enforce compliance by the Reference Issuers with the terms of the Reference Securities as it may have had if it owned such securities directly.

*Credit Default Swaps.* A client may purchase and sell credit derivatives contracts – primarily credit default swaps ("CDS") – for hedging and for other purposes. The typical credit default contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference

entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

A client may also purchase and sell CDS linked to an index of reference entities. Participants in index CDS markets are exposed to credit spread volatility in addition to default risk. A buyer of CDS (protection buyer) will experience losses if spreads tighten and gains if spreads widen or defaults occur. As a seller of CDS (protection seller), a client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. Such a client experiences gains if spreads tighten and losses if spreads widen or defaults occur.

*Non-U.S. Investments.* We may trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. for our clients. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. Clients might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which, in some markets, could at times fail to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect clients' performance.

*Restrictions on Repatriation of Investment Income, Capital and Profits.* The countries in which certain clients invest may have laws or regulations that currently limit or preclude the repatriation of capital and profits that result from foreign investment. Repatriation of investment income, capital and the proceeds from sales of investments by foreign investors may require governmental registration and approval in some countries, and the process of obtaining these approvals may require a significant expenditure of time and resources. Investments by such clients could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation. In addition, in certain countries such laws and regulations have been subject to frequent and unforeseen change, potentially exposing a client to restrictions, taxes and other obligations that were not anticipated at the time the initial investment was made.

Foreign Exchange. A client may engage in foreign exchange transactions in the spot, forward or futures markets to hedge or amplify their equity or fixed-income currency denominated positions in non-U.S. dollar currencies, if any. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract as agreed by the parties, at a price that is fixed at the time the contract is entered into. In addition, a client may maintain short positions in forward currency exchange transactions, in which the client agrees to exchange a specified amount of a currency it does not currently own for another currency at a future date in anticipation of a decline in the value of the currency sold relative to the value of the currency the client agreed to purchase. A forward currency exchange contract offers less protection against defaults by the counterparty to the contract than is the case with exchange-traded currency futures contracts. Forward currency exchange contracts are also highly leveraged, in some cases requiring little or no original margin deposit. A client may also purchase and sell put and call options on currencies and currency futures contracts and options on currency futures contracts.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. We may seek to utilize derivatives on behalf of our clients for these or other reasons, however, there is no assurance that derivatives that we wish to utilize will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends on a variety of factors including (but not limited to) price of the underlying asset(s), volatilities, correlations, interest rates, credit spreads. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other additional risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose clients to the possibility of a loss exceeding the original amount invested. OTC derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, clients are subject to the credit risk of the counterparty.

Clients may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with their investment objective and legally permissible. Special risks may apply to instruments that are invested in by clients in the future that cannot be determined at this time or until such instruments are developed or invested in by clients.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether clients will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Forward Trading. Forward contracts (including certain forward exchange contracts) and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses.

Swaps. Swap agreements and options on swap agreements (“swaptions”) can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Whether our use of swap agreements or

swaptions will be successful will depend, in part, on our ability to select appropriate transactions for clients. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of client portfolios. Moreover, clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Clients will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of clients to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect clients' ability to terminate swap transactions or to realize amounts to be received under such transactions.

Repurchase and Reverse Repurchase Agreements. A client may borrow or lend investments by entering into repurchase and reverse repurchase agreements. When a client enters into a repurchase agreement, it "sells" investments to a broker-dealer or financial institution, and agrees to repurchase such investments on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the client "buys" investments from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such investments at the price paid by the client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a client involves certain risks. For example, if the seller of investments to a client under a reverse repurchase agreement defaults on its obligation to repurchase the underlying investments, as a result of its bankruptcy or otherwise, the client may encounter costs or delays in liquidating those investments and it may incur a loss if the amount realized does not equal or exceed its investment. In the event of the seller's bankruptcy, the client may not be able to substantiate its interest in the underlying investments, or its ability to dispose of the underlying investments may be restricted. Similar elements of risk arise in the event of the bankruptcy or insolvency of a purchaser of the client's investments in a repurchase agreement.

Exchange Traded Funds. Because ETFs (which are investment companies registered under the Investment Company Act of 1940, as amended (the "1940 Act")) are effectively portfolios of securities, the Adviser believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. Although a client may invest in broad-based ETFs, there may be certain risks to the extent a particular ETF is concentrated in a particular sector, and is not as diversified as the market as a whole.

It should be noted that the 1940 Act places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company.

Liquidity of Futures Contracts. A client may use futures at some future time as part of their investment programs. In connection with the use of futures, the Adviser intends to determine and pursue all steps that are necessary and advisable to ensure compliance with



the Commodity Exchange Act. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be entered into nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved beyond the daily limits for several consecutive days with little or no trading. OTC instruments generally are not as liquid as instruments traded on recognized exchanges. These constraints could prevent a client from promptly liquidating unfavorable positions and subject them to substantial losses.

The CFTC (as defined in Item 10) and various exchanges impose speculative positions limits on the number of positions that a client may indirectly hold or control in particular commodities.

*Non-U.S. Futures Transactions.* Foreign futures transactions involve the execution and clearing of trades on a foreign exchange. This is the case even if the foreign exchange is formally “linked” to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, a client may not be afforded certain of the protections that apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

*Counterparty Risk.* Some of the markets in which clients effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the client has concentrated its transactions with a single or small group of counterparties. We are not restricted from dealing with any particular counterparty or from concentrating any or all client transactions with one counterparty. Our ability to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to

facilitate settlement may increase the potential for losses by our clients.

Our investment strategies may require the use of transactions that expose clients to the credit of their counterparties, and vice versa. For example, we may seek on behalf of clients to borrow securities intending to sell them short and may enter into long and short derivative positions. All of these transactions, and transactions similar to them, are governed by documents, industry standards, market customs and practices, the parties' prior course of dealing and by the covenant of good faith and fair dealing. At times, and especially in times of market stress, these credit exposures may come under stress, normal business conduct may be interrupted and normal legal protections may prove inadequate or may fail to provide timely relief. Should it become necessary to remove or reduce exposure to a particular counterparty, there can be no guarantee that a satisfactory alternative will be available, or even if one is available, that clients will be able to avail themselves of that alternative. As a consequence, it is possible that any unwinding of the credit exposure may prove costly and thereby damage clients.

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

*Short Sales.* A short sale involves the sale of a security that a client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the client must borrow the security and the client is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the client. When a client makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to clients. The extent to which clients will engage in short sales will depend upon our trading strategy and perception of market direction and the value of individual securities. We may engage in short sales on behalf of clients as a hedge against potential market declines and/or based on our fundamental analysis of the subject issuers.

*Loans of Securities; Pledge of Assets.* Pursuant to master securities lending agreements or similar agreements, clients may lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in the form of cash and securities in an amount equal to or greater than the current market value of the loaned securities,

including any accrued interest or dividend receivable. During the term of such loan, clients will not retain all incidents of beneficial ownership as to the loaned portfolio securities, including voting rights. They will, however, generally retain the rights to interest or other distributions, and will have the right to regain record ownership of the loaned securities to exercise such beneficial rights. Such loans will be terminable at any time upon sufficient notice to the other party.

*Credit Ratings.* In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Clients may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to the client's investment objective.

*Emerging Markets.* A client may invest in assets in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) increased risk of nationalization or expropriation of assets or confiscatory taxation, (ii) greater social, economic and political uncertainty, including war, (iii) higher dependence on exports and the corresponding importance of international trade, (iv) greater volatility, less liquidity and smaller capitalization of securities markets, (v) greater volatility in currency exchange rates, (vi) greater risk of inflation, (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars, (viii) increased likelihood of governmental involvement in and control over the economies, (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies, (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for investment transactions and less reliable clearance and custody arrangements and (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of investors.

*Regional Market Exposure.* Clients may have a substantial percentage of their portfolio exposure in key international regions (including Europe, Southeast Asia, China, Latin America, South Asia, Australia, the Middle East and Africa). Although the Adviser may mitigate certain market risks by hedging against a particular market exposure when it deems it necessary, there can be no assurance that the Adviser will be successful doing so and a significant portion of a client's portfolio may be exposed to a particular market.

*Global Macro Assessment.* The success of the Adviser's global macro investment

strategy depends upon its ability to identify, model and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that the Adviser will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses underlying a client's positions fail to be borne out in developments expected by the Adviser, the client may incur losses, which could be substantial.

*Equity Index Futures.* A client may invest in equity index futures. The price of equity index futures contracts may not correlate perfectly with the movement in the underlying equity index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of equity index futures contracts by a client is also subject to the Adviser's ability to correctly predict movements in the direction of the market.

*Commodity Trading.* The prices of commodities and all derivative instruments, including futures and options prices, are highly volatile. Price movements of commodities, futures and options contracts are influenced by, among other things, changing supply and demand relationships, U.S. and non-U.S. governmental programs and policies, national and international political and economic events, interest rates and governmental monetary and exchange control programs and policies. Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a client account from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Dodd-Frank Act significantly expands the CFTC's authority to impose broader aggregate position limits.

*Operational and Information Security Risk from Cyberattacks.* Clients and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting clients, the Adviser and client administrators, brokers, custodians and other third-party service providers may adversely impact such clients. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate clients' net asset value, cause the release of private investor information or other confidential information, impede trading, subject clients and their service providers to regulatory fines or financial losses, and cause reputational damage.

Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for clients, and may cause clients' investments to lose value. Clients and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

Changes in Investment Strategy. We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria or portfolio construction techniques used by a client without the consent of the client, unless provided otherwise in our written agreement with such client. Any of these new investment techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful investments and, ultimately, losses to the client. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of loss by the client.

Changes and Uncertainty in U.S. and International Regulation. Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which they are exposed through their investments or investor base. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause us to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve clients' trading objectives.

In the United States, we and our clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result in us and our clients becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to clients. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on us and our clients is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made. There is speculation that some of the provisions of the Dodd-Frank Act and rules and regulations promulgated thereunder may be revised, repealed or amended. The impact of any such changes is unknown. We do not undertake to update our clients or their investors upon such changes or finalization of any such regulations.

**Item 9 - Disciplinary Information**

There have been no legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

As described above in Item 4, the Adviser and the General Partners are principally owned and controlled by Maria Vassalou.

The Adviser is registered as a commodity pool operator with the Commodity Futures Trading Commission (the "CFTC"). Thomas Hewett is registered with the CFTC as an associated person of the Adviser.

Ms. Vassalou, our founder, Chief Investment Officer and Chief Compliance Officer, serves as a director of certain issuers and, in such capacity, may be required to make decisions that she considers to be in the best interests of such companies. We believe that any potential conflict of interest between Ms. Vassalou's duties as an officer of the Adviser (or its affiliates) and her duties as a director of such companies is mitigated by the fact that the Adviser does not invest on behalf of clients in individual issuers.

Our management of clients may result in conflicts of interests when we and our related persons allocate time and investment opportunities among our clients (including clients in which we or our related persons may be invested). In addition, terms regarding fees and performance-based compensation may differ among our clients. This may result in a conflict of interest when we allocate opportunities among our clients because we have an incentive to favor clients that have higher fee and/or performance-based compensation arrangements as well as clients in which we or our related persons have invested. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the fees or performance-based compensation to which such clients are subject or the investment in such clients by us or our related persons.

The Adviser, the General Partners, and their principals and affiliates may determine, at their discretion, to participate in investments with persons not affiliated with our clients.

In addition, we have a conflict of interest where a service provider (*e.g.*, legal counsel or accountants) provides services directly to us or one of our affiliates, and separately provides services to one or more clients, in that we or our affiliates may potentially obtain services at a lower cost (or obtain other terms that are more beneficial) than we or our affiliates otherwise could have as a result of the service provider's work performed on behalf of, and the compensation paid to the service provider by, such clients. In particular, unless inconsistent with our applicable written client agreement, costs associated with services rendered to the benefit of a client may be borne by such client. We and our affiliates may use some of the same service providers as are retained on behalf of one or more clients and, in some cases, fee rates, amounts or discounts may be offered to us and our affiliates by a third-party service provider which differ from those

offered to a client as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our clients, and that we must conduct our business in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Under our Code of Ethics, we place certain restrictions on the personal trading activities of our employees and their immediate family members. Our employees are required to disclose their personal securities holdings on an initial and annual basis, and their personal securities transactions quarterly. Employees may also participate in initial public offerings and limited offerings, such as hedge funds, private equity funds or other types of private offerings, subject to pre-clearance procedures.

Subject to applicable law, we may effect transactions between clients (generally for rebalancing purposes and to correct misallocations of trades) where one client will purchase securities from another client (including a private investment fund or account in which we, our affiliates, principals or employees may have a significant interest). Such transactions (*i.e.*, cross trades) will be effected only when we believe that such transactions are in the best interest of the applicable clients. Such transactions will be placed through an unaffiliated broker-dealer or custodian, will not involve any accounts subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and will be effected for cash consideration, at prices that reflect prevailing market conditions. In addition, no brokerage commission or transfer fee will be paid to us or our affiliates in connection with any such transaction. Any transaction costs incurred in connection with any such transaction will be shared *pro rata* between the applicable clients.

In the event that we effect a cross trade between an account in which we or our principal owns more than twenty five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions would create a conflict of interest for us because we may put our or our principal’s interests in such accounts before the interests of our clients in the other account. We will not effect any cross trades between accounts if we believe that such trade would result in

a principal transaction, unless:

- 1) We believe that such transaction is in the best interest of the clients participating in the transaction; and
- 2) We obtain the consent of the applicable clients to the extent required under the Advisers Act.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including the Funds and the Dynamic Fund, which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We may generally seek to aggregate trades, as described below in Item 12 under “Aggregation of Orders,” to avoid any such conflict of interest.

## **Item 12 - Brokerage Practices**

### Selection of Brokers

In placing portfolio transactions for our clients, we seek to obtain the best execution for clients’ accounts, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We have not committed to provide any level of brokerage business to any broker to date, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

We have adopted policies and procedures intended to seek best execution on an ongoing basis for securities transactions, based upon the aforementioned factors. We periodically evaluate the execution performance of the broker-dealers we use to execute client transactions. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

In the event that we direct client transactions to a particular broker-dealer in return for soft dollar benefits, we will generally follow the same practices described above when selecting such broker-dealer.



### Research and Other Soft Dollar Benefits

Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. In the event that we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we would receive a benefit because we do not have to produce or pay for the research, products or services. We believe that this conflict is mitigated because our clients will generally pay for research as a “hard dollar” expense pursuant to their respective investment management agreements. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients’ interests in receiving most favorable execution.

We currently do not have any soft dollar arrangements in place that would commit our clients to any implied or explicit level of trading, but we may in the future. However, we execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

In the event that we engage in soft dollar transactions, we intend to comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services (collectively, “Research”) provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, our clients may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research that we acquire from brokers may include, among other things, proprietary research, which may be written or oral. Research products that we acquire from brokers may include, among other things, databases and quotation services, and Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. We may in the future acquire other Research with client brokerage commissions in accordance with our policies and procedures.

Research provided by brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar benefit.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

Our prime broker(s) generally offer us certain front- and back-office services, such as securities lending, clearing, reporting and settlement for equities, fixed income, and foreign currency and options. From time to time we will utilize one or more of the services that are offered to us. Subject to applicable law, our prime brokers may also provide us with capital introduction services. Our clients will pay fees to the prime brokers in accordance with the fee schedules negotiated with such prime brokers.

#### Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

#### Trade Error Policy

Subject to applicable law and the terms of our written agreements with clients, we will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence, willful misconduct or fraud.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

#### Aggregation of Orders

We will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and equitable execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on

investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts as described above in Item 6. When an aggregated order is only partially filled, we will allocate the investment opportunity as described above in Item 6.

We may also aggregate orders for the same security entered at the same time, with the same side, direction and the same execution instructions, subject to the allocation considerations described above in Item 6.

Clients may pay more to the extent that we do not, or are unable to, aggregate trades, as seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions and/or trade execution. A client's nonparticipation in bunched trades may result in lost opportunities to purchase securities for such client's account that other clients participating in bunched trades were able to purchase.

### Third Party Trading

We may use a third-party trader to execute certain trades. The third-party trader is a registered broker-dealer and is capable (depending on our instructions and/or the exercise of its own discretion) of directly executing trades for our clients or instructing another broker to do so on its behalf. When using a third-party trader, we may select a specific broker that the third party-trader must use to execute the trade in question. Our decision to instruct the third-party trader to use a specific broker (or otherwise) is subject to the broker selection criteria described above.

Our brokerage practices, including our ability to receive soft dollar benefits or to enter into soft dollar arrangements or similar arrangements, as described in this Item 12, may differ for certain clients based on the client's applicable written agreement with us.

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

Client accounts are typically reviewed by our Chief Investment Officer on a monthly basis for conformity to the objectives and risk criteria applicable to such accounts, and compliance with any applicable investment guidelines and restrictions.

Investors in the Funds generally will receive unaudited performance information in writing on a monthly basis and audited financial statements on an annual basis. We also distribute tax reports to investors in the Funds.

We may enter into agreements ("side letters") with one or more investors in the private investment funds that we manage, including, without limitation, the Funds (collectively, the "investment funds"), that result in investment terms that differ from the terms applicable to other investors in such investment fund, including, without limitation, with respect to fees, performance-based fees or allocations, and/or withdrawal terms. In addition, pursuant to side letters, we may provide particular investors with more frequent and/or more detailed information regarding an investment fund's positions, performance, finances, and management and/or other information about such investment fund or us

(including, notification of senior employee departures, the commencement of disciplinary actions, legal proceedings, investigations or similar matters, or redemptions from such investment fund by us, our affiliates and/or our respective personnel), possibly enabling such investors to better assess the prospects and performance of such investment fund. As a result of such side letters, certain investors may receive additional rights and/or information that other investors will not necessarily receive. Subject to applicable law and contractual arrangements, we do not intend to disclose the terms of side letter agreements or other arrangements and do not intend to disclose the identities of the investors that have entered into such agreements with the investment funds or us. We will not be required to offer such additional or different rights and terms to any or all other investors.

We may provide certain additional information to any investor, or prospective investor, in an investment fund (or to any of our clients or prospective clients) who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors who do not request such information. Such information may affect a prospective investor's decision to invest, and investors (which may include our personnel, affiliates and/or clients) who receive such additional information may be able to act on such additional information and redeem their investments potentially at higher values than other investors. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

We may provide the owners of client accounts other than the Funds with reports in such forms and at such times as such clients and we may agree.

The qualified custodians of any separately managed accounts that we manage may send account statements to the owners of such accounts. In addition, since a managed account investor would directly own the positions in its separately managed account, such investor could have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by us. The investors in such separately managed accounts may have the right to withdraw all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the private investment funds we manage.

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

Other than the circumstances described above in Item 12, we do not receive any economic benefits from non-clients in connection with the provision of investment advice or other advisory services to our clients.

If a client is introduced to us by a third-party solicitor, we and/or our affiliates may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under

the Advisers Act to the extent applicable. Any such referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client, unless the client agrees otherwise in its applicable written agreement with us.

**Item 15 - Custody**

Client funds and securities are maintained by qualified custodians to the extent required by Rule 206(4)-2 under the Advisers Act. However, for purposes of the Advisers Act, we may be deemed to have custody of certain client assets. The owners of any separately managed accounts over which we have custody who receive at least quarterly account statements directly from the qualified custodians for such accounts are urged to carefully review those statements. To the extent that such account owners were to also receive account statements from us (which currently is not expected), they are urged to compare those statements with the statements that they receive from their qualified custodians.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. Clients give us this discretionary authority when they enter into a written agreement with us. The investors in the private investment funds managed by us generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such private investment funds.

On a case by case basis, clients other than the Funds may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.

**Item 17 - Voting Client Securities**

Currently, we do not invest in securities which involve the potential for voting proxies. Therefore, we do not vote proxies for clients; clients will not receive proxies or other solicitations with respect to the securities in the accounts that we manage; and clients may not contact us with questions about any solicitations.

**Item 18 - Financial Information**

Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

**Item 19 - Requirements for State-Registered Advisers**

Not applicable.