



## **FIRM BROCHURE AND BROCHURE SUPPLEMENT**

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This firm brochure and brochure supplement provides information about the qualifications and business practices of DeepMacro, LLC and its supervised persons. If you have any questions about the contents of this brochure, please contact Jeffrey D. Young by electronic mail at [jyoung@deepmacro.com](mailto:jyoung@deepmacro.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DeepMacro is available on the website maintained by the Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Advisory Business**

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### **Firm Description**

DeepMacro, LLC was organized as a limited liability company under the laws of the State of Delaware in July 2015 and has offices in New York, New York. DeepMacro has recently registered as an investment advisor with the United States Securities and Exchange Commission. Jeffrey D. Young is the principal owner of DeepMacro.

### **Types of Advisory Services**

DeepMacro offers its clients a long-only asset-allocation strategy that primarily identifies fixed-income and equity futures contracts and derivative instruments. A futures contract obligates either the buyer to purchase an asset or the seller to sell an asset at a predetermined price on a predetermined future date. Derivative instruments are arrangements, such as options, warrants, and swaps, whose values are derived from and are dependent upon the value of an underlying asset or pool of assets. Futures contracts and derivative instruments enable an investor to speculate on the direction of a security, a commodity, a currency, a financial instrument, or a national or regional economy. The DeepMacro investment model relies on so-called big data and machine learning to determine the appropriate asset allocation. DeepMacro currently provides investment advice only with respect to futures contracts and derivative instruments.

### **Tailored Relationships**

DeepMacro tailors its investment advice to the particular needs, investment objectives, and investment guidelines of its clients. A client may impose restrictions on investing in particular instruments or types of instruments and may or may not grant DeepMacro discretionary authority to enter into futures contracts and derivative instruments on his or her behalf.

### **Assets Under Management**

DeepMacro has recently begun to offer investment advisory services. As of the date of this brochure, it has no assets under management.

## **Fees and Compensation**

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### **Separately Managed Accounts**

DeepMacro negotiates its fee for each client on a case-by-case basis based on the size and type of futures contracts and derivative instruments that are involved. DeepMacro has the flexibility to change, reduce, or waive its fees in its sole discretion. Fees are generally deducted from client accounts, although a client may choose to be billed for fees. DeepMacro may hold cash in accounts for strategic and other purposes.

Client agreements for separately managed accounts generally permit either the client or DeepMacro to terminate the investment advisory relationship at any time. Termination becomes effective five days later. No new transactions will be initiated after a termination, although each open futures contract or derivative instrument entered into prior to termination will continue until the position expires, matures, or is closed out. DeepMacro often charges fees in advance. If a relationship terminates, DeepMacro will retain any fees earned for transactions entered into prior to the date of termination.

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### **Brokerage and Other Fees**

Brokerage firms typically charge transaction fees on purchases or sales of securities, and account custodians may charge custodial fees. These charges are usually small in relation to the value of the account. Clients select a brokerage firm of their own choosing to execute transactions in the transactions that DeepMacro recommends. For additional information about transaction expenses, please see the section of this firm brochure and brochure supplement entitled "Brokerage Practices."

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## **Performance-Based Fees and Side-by-Side Management**

This item is not applicable.

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## **Types of Clients**

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### **Description**

DeepMacro expects to furnish investment advisory services to high net-worth individuals, family offices, endowments, pension funds, pooled investment vehicles, and other business entities.

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### **Minimum Account Size**

Currently, DeepMacro does not impose a minimum account size.

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### **Know Your Client**

It is DeepMacro policy to know and understand the identities of clients and prospective clients and the business reasons for any transactions in which DeepMacro engages on behalf of its clients. DeepMacro does not directly or indirectly conduct business with any person or entity whose identity and source of funds have not been verified to the satisfaction of the account custodian.

## Methods of Analysis, Investment Strategies, and Risk of Loss

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### Investment Strategies

DeepMacro acquires large amounts of data from both official and unstructured sources and uses adaptive algorithms based on machine learning to use the data to identify economic factors like inflation, growth, and risk. Using its proprietary multi-stage portfolio-allocation strategy, DeepMacro endeavors to analyze the information it gleans about economic factors to identify futures contracts and derivative instruments that express the macroeconomic trends that the economic factors appear to predict. The goal of DeepMacro is to create a customized portfolio for each client that will generate superior long-term capital appreciation with a target volatility specified by the particular client. DeepMacro executes its asset allocation strategy on a monthly basis using four weekly sub-portfolios.

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### Risk of Loss

All investment programs have certain risks that are borne by the investor. The investment approach employed by DeepMacro constantly keeps the risk of loss in mind. Like other investors, DeepMacro clients face the following investment risks:

**Dependence on DeepMacro:** The performance of a DeepMacro separately managed account is critically dependent on the efforts of Mr. Young and his investment team. Biographical information about Mr. Young is included in the brochure supplement at the end of this brochure. Mr. Young will devote the time and effort that he deems necessary to supervision of DeepMacro investment accounts, but he has other business responsibilities. The past performance of DeepMacro and Mr. Young may not be indicative of future results.

**Market Risk:** The value of a futures contract or derivative instrument may drop in reaction to tangible and intangible events and conditions. External factors cause this type of risk regardless of the particular circumstances that affect a position. For example, political, economic, and social conditions may influence market conditions.

**Risks Specific to Futures Contracts and Derivatives:** The primary risk of futures contracts and derivative instruments is the same as the risk of the underlying assets, namely, that the value of the underlying asset may go up or down. Adverse movements in the value of an underlying asset can expose a client portfolio to losses. Futures contracts and derivative instruments may include elements of leverage, and accordingly the fluctuation of the value of the position in relation to the underlying asset may be magnified. The successful use of futures contracts and derivative instruments depends upon a variety of factors, particularly the ability of DeepMacro to correctly predict movements of the securities and currencies markets, which requires different skills than anticipating changes in the prices of individual positions. There can be no assurance that any particular strategy adopted will succeed. A decision to engage in a particular transaction will reflect the judgment of DeepMacro that the transaction will provide value to a client portfolio and is consistent with the objectives, investment limitations, and operating policies of the client. In making such a judgment, DeepMacro will

analyze the benefits and risks of the transaction and will weigh them in the context of the overall client portfolio and the investment objectives of the client.

Client portfolios will be subject to the risk that a loss may be sustained as a result of the failure of the other party to comply with the terms of a futures contract or derivative instrument. This risk for exchange-traded instruments is generally less than for privately negotiated or over-the-counter instruments, since generally a clearing agency, which is the issuer or the other party to each exchange-traded instrument, provides a guarantee of performance. For privately negotiated or over-the-counter instruments, there is no similar clearing-agency guarantee. In all transactions, a client will bear the risk that the other party may default. Default could result in a loss of the expected benefit of the transaction and possibly other losses to the client portfolio. Clients will enter into transactions in futures contracts and derivative instruments only with parties that DeepMacro reasonably believes are capable of performing under the futures contracts and derivative instruments.

Futures contracts and derivative instruments are also subject to liquidity risk. Liquidity risk is the risk that an instrument cannot be sold, closed out, or replaced quickly at or very close to its fundamental value. Generally, exchange contracts are very liquid because the exchange clearinghouse is a party to every contract. Over-the-counter transactions are less liquid than exchange-traded contracts since they often can be closed out only with the other party to the transaction. If a client is unable to close out a client position, he or she may be required to continue to maintain the position or to make payments until the position expires, matures, or is closed out. The requirements might impair the ability to sell a portfolio position or to make an investment at a time when it would otherwise be favorable to do so, and the requirement may force a client to sell a portfolio position at a disadvantageous time. The ability to sell or close out a position prior to expiration or maturity depends on the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the other party to enter into a transaction closing out the position. Therefore, there is no assurance that any futures contract or derivative instrument will be sold or closed out at a time and price that is favorable to the client. Only clients who are financially able to maintain their investment without a need for immediate liquidity should consider an investment with DeepMacro.

Legal risk is the risk of loss caused by the legal unenforceability of the obligations of one party under a futures contract or derivative instrument. While a party seeking price certainty agrees to surrender the potential upside in exchange for downside protection, the party taking the risk is looking for a positive payoff. Despite this voluntary assumption of risk, a party who has lost money in a derivative transaction may try to avoid payment by exploiting various legal uncertainties about certain products.

Interconnection risk is the risk that a disruption in the financial markets will cause difficulties for all market participants. In other words, a disruption in one market will spill over into other markets, perhaps creating a chain reaction. Much of the over-the-counter derivatives market takes place among over-the-counter dealers themselves, thus creating a large interconnected

web of financial obligations. This interconnectedness raises the possibility that a default by one large dealer could create losses for other dealers and destabilize the entire market for over-the-counter instruments.

**Interest-Rate Risk:** Fluctuations in interest rates may cause investment values to fluctuate. For example, when interest rates rise, fixed-rate bond coupons tend to become less attractive, which in turn causes bond market values to decline.

**Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year, because the purchasing power of the dollar is eroding at the rate of inflation.

**Volatility Risk:** Volatility refers to the amount of uncertainty or risk about the size of changes in the value of an instrument. High volatility means that the value of an instrument may potentially be spread over a larger range of values. High volatility means that the price of the instrument may change dramatically over a short time period in either direction. Low volatility means that the value of a security does not fluctuate dramatically but instead changes at a relatively steady pace over a period of time. Many securities, commodities, currencies, and financial instruments have experienced high volatility in recent years.

**Currency Risk:** An instrument that is not denominated in United States dollars is subject to fluctuations in the value of the United States dollar as against the currency in which the instrument is denominated. For example, the value of an instrument denominated in euros will decrease if the dollar strengthens against the euro. This type of risk is also called exchange-rate risk.

**Reinvestment Risk:** Future proceeds from investments may be reinvested at a lower rate of return because yields generally have decreased. This risk primarily relates to fixed-income securities.

**Business Risk:** This risk is associated with a particular industry or a particular issuer. For example, an oil production company depends upon a lengthy process of finding, transporting, and then selling oil before the company can generate a profit. As a result, an oil-production company carries a higher risk of profitability variance than an electric company, which generates income from a relatively stable customer base that must purchase electricity regardless of the economic environment.

**Financial Risk:** Excessive borrowing to finance the operations of a business increases the risk of profitability, because the company is required to repay principal and interest in both good and bad economic times. During periods of financial stress, the inability of a company to meet its loan obligations may decrease the value of the futures contracts and derivative instruments that the company issues and, in some cases, force the company to seek bankruptcy protection.



## **Disciplinary Information**

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This item is not applicable.

## **Other Financial Industry Activities and Affiliations**

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### **Affiliations**

The chief compliance officer of DeepMacro is a lawyer who practices through a professional services corporation. She serves as chief compliance officer for several other investment advisors and one broker-dealer. She also holds a real estate license in the State of New York. DeepMacro believes that these arrangements create no material conflicts of interest.

### **Financial Industry Activities**

The chief compliance officer of DeepMacro is a registered representative of a broker-dealer in her capacity as chief compliance officer of the broker-dealer. She does not purchase or sell securities in connection with her duties. The broker-dealer is not affiliated with DeepMacro.

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

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### **Code of Ethics**

The supervised persons of DeepMacro have committed to a written code of ethics. This code of ethics requires DeepMacro and its supervised persons to comply fully with all applicable laws, including federal securities laws, in conducting investment advisory services and related activities. The chief compliance officer of DeepMacro is responsible for overseeing strict adherence to the code of ethics. DeepMacro will provide a copy of the code of ethics to any client or prospective client upon request.

The DeepMacro code of ethics is based on the principle that DeepMacro has a fiduciary obligation to its clients. In this fiduciary capacity, DeepMacro and its personnel are required to place the interests of clients before their own interests and the interests of persons and entities that may be related to them. DeepMacro seeks to avoid conflicts of interest with its clients and will take appropriate steps consistent with its code of ethics to resolve any conflicts of interest that may arise.

The DeepMacro code of ethics and other compliance procedures establish policies and procedures in a number of areas, including the treatment of confidential proprietary information, recordkeeping, conflicts of interest, and personal securities transactions.

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## **Violations of Law**

The DeepMacro chief compliance officer conducts compliance reviews at least annually and monitors for indications of potential violations of law or the code of ethics on a monthly basis. In addition, DeepMacro has a written policy that requires personnel who become aware of a compliance risk to report the possible violation promptly to the chief compliance officer or senior management. DeepMacro would investigate any such report and would not retaliate against someone who makes a report.

The code of ethics requires DeepMacro to administer discipline to maintain the quality of services that it provides to clients by encouraging legal and appropriate behavior and by deterring illegal and inappropriate behavior. Disciplinary actions may include a written warning, fines, suspension of employment, and termination of employment.

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## **Interest in Client Transactions**

DeepMacro or one or more of its officers, members, managers, employees, and agents may from time to time have a direct or indirect interest in an instrument that is purchased, sold, or otherwise traded in client accounts and may effect transactions in the instrument for client accounts that may be the same as or different from the actions that DeepMacro or such a related person may take with respect to its, his, or her account. If DeepMacro believes that a conflict of interest has arisen because of such an interest, it will disclose the conflict of interest to the affected clients.

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## **Personal Trading**

DeepMacro permits its supervised persons to purchase and sell securities for their personal accounts and for the accounts of persons and entities related to them, so long as the supervised persons are in compliance with the code of ethics. The DeepMacro code of ethics requires supervised persons to obtain clearance in advance with respect to securities offered in initial public offerings or limited offerings purchased for their personal accounts and for the accounts of related persons. The code of ethics also requires supervised persons to disclose to the chief compliance officer all of their reportable personal securities holdings and to provide the chief compliance officer with quarterly holdings and transaction reports. In addition, DeepMacro has a written insider trading policy that is designed to prevent the improper use of material nonpublic information.

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## **Brokerage Practices**

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### **Selecting Brokerage Firms; Best Execution**

Clients select their account custodians and the particular broker-dealers and banks to execute particular transactions. Not all investment advisors require or permit their clients to direct brokerage. Because clients direct brokerage, DeepMacro will be unable to negotiate commissions or to obtain best execution. Best execution means the most favorable price and

execution available, taking into accounts factors such as size of the order, the difficulty of execution, the efficiency of the facilities of the executing broker-dealer (including the research services described below), and any risk assumed by an executing broker-dealer. DeepMacro does not receive any portion of the transaction fees or commissions paid by the client to the custodian or an executing broker-dealer or bank.

Clients may pay higher commissions or spreads to broker-dealers and banks that provide DeepMacro with research services, including reports that are common in the industry, such as research reports and periodicals developed by the relevant broker-dealer or bank or a third party, and software for trade execution. Because DeepMacro uses its own proprietary asset-allocation strategy to manage client portfolios, DeepMacro does not assign any economic value to the research, products, and services that it receives from broker-dealers and banks. Typically, DeepMacro uses research to manage all client accounts. Therefore, commission dollars spent for research generally benefit all clients, although a particular client may not benefit from research received on each occasion. DeepMacro does not reduce its advisory fee because it receives research. In addition, DeepMacro may receive a benefit when it receives research or other products and services from broker-dealers or banks because DeepMacro does not have to produce or pay for the research, products, or services.

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### **Conflicts of Interest**

Actual or apparent conflicts of interest may arise because Mr. Young will have day-to-day management responsibilities with respect to more than one client account. Specifically, Mr. Young may be presented with the following conflicts:

The management of multiple accounts may cause Mr. Young to devote unequal time and attention to the management of each account.

If DeepMacro identifies a limited investment opportunity that may be suitable for more than one account, each account may be unable to take full advantage of the opportunity due to the unwillingness of the other party to enter into a larger number of transactions.

DeepMacro has compliance procedures that are designed to address these types of conflicts. However, there is no guarantee that these procedures will detect every situation in which a conflict may arise.

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### **Trade Error Policy**

On occasion, DeepMacro may experience errors with respect to trades made on behalf of client accounts. DeepMacro endeavors to detect trade errors prior to settlement and to correct them in an expeditious manner. If a client account suffers a net loss directly due to a trade error attributable to DeepMacro personnel, DeepMacro will reimburse the client account.

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## **Soft Dollars**

DeepMacro participates in no formal soft-dollar arrangements in connection with its advisory business. However, DeepMacro does receive compensation from broker-dealers and third parties that provide, or contract with DeepMacro to provide, DeepMacro research products to their customers.

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## **Review of Accounts**

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### **Periodic Reviews**

The DeepMacro operations team reviews portfolio positions on a daily basis if there is activity in a client account. In accounts with no activity, reviews typically occur on a weekly basis. Mr. Young oversees each client account.

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### **Review Triggers**

Client inquiries, changes in the general market outlook, changes in tax laws, new investment information, changes in the financial situation of a client, and changes in the opinions of the DeepMacro team on specific issues may prompt more frequent reviews of some or all client accounts.

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### **Regular Reports**

DeepMacro does not prepare regular reports for clients, but client custodians send account statements on a monthly or quarterly basis. DeepMacro encourages each client to hold a review meeting at least annually to discuss his or her portfolio performance and to identify any changes in his or her investment objectives, risk tolerance, or liquidity needs.

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## **Client Referrals and Other Compensation**

DeepMacro does not pay referral fees or other remuneration in order to receive client referrals. DeepMacro does not accept referral fees or other remuneration when it refers a prospect or client to other professionals.

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## **Custody**

DeepMacro is deemed to have constructive custody of client accounts because it is generally permitted to debit its fees directly from the accounts. All client funds and securities are held at qualified custodians. These custodians provide account statements at least quarterly. The account statements are sent directly to each client at his or her address of record or made available electronically.

## **Investment Discretion**

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DeepMacro may or may not have discretionary authority to manage accounts on behalf of clients. DeepMacro consults with the client prior to each trade to obtain concurrence if discretionary authority has not been granted. Clients who grant discretionary authority typically grant DeepMacro a limited power of attorney, which is a trading authorization that gives DeepMacro permission to purchase and sell positions.

## **Voting Client Securities**

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Because the futures contracts and derivative instruments that DeepMacro identifies are not voting securities, DeepMacro has not adopted written proxy-voting policies and procedures.

## **Financial Information**

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This item is not applicable.

## **Brochure Supplement**

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### **Education and Business Standards**

DeepMacro considers relevant business experience to be one of the most important criteria in selecting persons to provide investment advice to and research for its clients. DeepMacro does not have specific hiring guidelines but generally requires at least a college degree. DeepMacro seeks to hire personnel whose educational and professional backgrounds are compatible with the functions that they perform. Absent suitable business experience, DeepMacro seeks to entrust investment advisory and research responsibilities to personnel with academic backgrounds, including advanced training, that reflect the skills and intelligence necessary to perform the assigned functions.

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### **Educational Background and Business Experience**

#### **Jeffrey D. Young**

Born January 19, 1964

BA, Reed College, 1986

MPA, Princeton University, 1992

Mr. Young has been the co-founder and chief executive officer of DeepMacro since its inception. Prior to founding DeepMacro, he worked in macroeconomic research at Caxton Associates, a hedge fund, from 2014 to 2015. Previously, he was the director of research at Woodbine Capital, an investment advisory firm, the chief economist and foreign-exchange portfolio manager at Platinum Grove Asset Management, another investment advisory firm, the global head of foreign-exchange research and strategy at Citigroup, and an economist for Japan at Salomon Brothers and its successors, where he was based in Tokyo for twelve years. Mr. Young has

experience in both systematic and discretionary economics, foreign-exchange trading, and fixed-income analysis, with a long-standing focus on Asian economies.

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**Disciplinary Information**

This item is not applicable.

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**Other Business Activities**

This item is not applicable.

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**Additional Compensation**

This item is not applicable.

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**Supervision of Personnel**

Mr. Young supervises all DeepMacro personnel and provides all investment advice to DeepMacro clients. Questions relating to the supervision of DeepMacro personnel may be addressed to Mr. Young, the co-founder and chief executive officer of DeepMacro, at 917-385-1847.