



## FORM ADV PART 2A

May 4, 2016

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This brochure provides information about the qualifications and business practices of Algert Global LLC. If you have any questions about the contents of this brochure, please contact us at telephone 415.675.7300. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Algert Global LLC is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A

- This brochure contains material changes since the last annual amendment dated March 2016: This brochure was updated to reflect the addition of the following funds, which were launched as of January 1, 2016: Algert Global Equity Market Neutral Master Fund II, L.P., a Cayman exempted limited partnership, which is fed by two funds, Algert Global Equity Market Neutral Fund II, L.P., a Delaware limited partnership (onshore) and Algert Global Equity Market Neutral Fund II, Ltd. (offshore).
- Item 9 has been updated to reflect regulatory action initiated by the Swedish Financial Supervisory Authority. The fine did not have a materially adverse financial impact on the firm.

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## ITEM 4 - ADVISORY BUSINESS

Registration Status -	Registered with the SEC on March 11, 2003 <sup>1</sup>
Principal Owner -	Peter M. Algert

### ADVISORY SERVICES

Algert Global LLC (“Algert”) serves as the general partner and/or discretionary investment advisor to private investment funds. Currently, these private funds include: (1) Algert Global Equity Market Neutral Master Fund, L.P., a Cayman exempted limited partnership, which is fed by two funds, Algert Global Equity Market Neutral Fund, L.P., a Delaware limited partnership (onshore) and Algert Global Equity Market Neutral Fund, Ltd. (offshore); and (2) Algert Global Equity Market Neutral Master Fund II, L.P., a Cayman exempted limited partnership, which is fed by two funds, Algert Global Equity Market Neutral Fund II, L.P., a Delaware limited partnership (onshore) and Algert Global Equity Market Neutral Fund II, Ltd. (offshore). The offshore funds are Cayman corporations. Algert acts as general partner and investment manager to the partnerships and solely as investment manager to the offshore funds. Collectively, all of the identified funds are referred to within this document as the “Funds”. Algert may decide to sponsor or manage additional private investment funds in the future.

Investments in the Funds are made available to individual qualified investor clients whose investment objectives and risk profile are consistent with those of the Funds. Algert restricts the number of investors and offers the interest in the Funds only through non-public transactions in order to maintain the Funds’ exemption from “investment company” status under the Investment Company Act of 1940, as amended.

In addition, Algert manages other strategies - U.S. small cap, international small cap, international equity and global equity strategies. The Firm manages these strategies in the following structures: separately managed investment accounts (“Account Clients”), as sub-adviser to investment companies registered under the Investment Company Act of 1940, and accounts managed with principal capital of Algert Global.

### Confidential Private Placement Memorandum

Prospective investors in the Funds should carefully read the confidential private placement memorandum and other offering documents for each Fund in which they invest. The memorandum contains a complete copy of the Fund’s limited partnership agreement and other important information. However, the memorandum should not be construed as legal or tax advice to the investor and investors are advised to consult with

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<sup>1</sup> “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

their own legal and financial advisors as to all matters concerning an investment in a Fund.

The investment objectives of the Funds are to build portfolios of publicly traded investments that generate returns in excess of those realizable through other investments of similar risk and duration. There can be no assurance that these objectives will be achieved. Investments in the Funds are subject to significant risks and conflicts of interest, described in the Memorandum for each Fund.

## **REGULATORY ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2015<sup>2</sup>**

Discretionary Assets - \$1,442,643,091<sup>2</sup>

Non-Discretionary Assets - N/A

## **TERMINATION OF AGREEMENT**

Investors in a pooled investment vehicle such as one of the Funds may be limited in their ability to terminate their participation. Investor withdrawal and termination limitations are established for each of the Funds and explained in the offering memorandum, subscription or limited partnership agreements for each of the Funds. These offering and subscription materials should be read carefully by each investor. Upon termination of any investor account, any prepaid, unearned fees will be promptly refunded and any earned unpaid fees will be due and payable.

## **ITEM 5 - FEES AND COMPENSATION**

### **ADVISORY FEES**

For its services to the Funds, Algert receives a management fee payable monthly in advance at a rate of 0.0% - 0.167% per month (0.0% - 2.0% per annum). The management fees are based on the net market value of the assets in the Funds as of the first day of the month. In addition, Algert receives an incentive allocation/fee based on the profit allocated to each investor (other than investors for whom Algert agrees at its sole discretion to vary the incentive allocation/fee) to the extent such profit exceeds any prior un-recouped losses. Incentive fees range from 0% - 20% of profits.

Although management fee and/or incentive fee rates payable to Algert by future investors will be negotiated when such persons and entities become investors, Algert generally expects those fees to be substantially the same as the rates set forth above. All incentive allocations/fees are made in a manner that complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended.

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<sup>2</sup> All assets are as of December 31, 2015, except for the Algert Global Equity Market Neutral Master Fund II, LP assets, which are calculated as of January 31, 2016.

The foregoing describes Algert's basic fee schedule; however, fees may be negotiable in certain limited circumstances and arrangements with any particular client may vary. The expenses of the Funds, including Algert's management fee and incentive allocation/fee, may constitute a higher percentage of average net assets than would be charged in other investment vehicles. The incentive allocation/fee may also create an incentive for Algert to cause a Fund to make investments that are riskier than it would otherwise make. In addition, since Algert's incentive allocation/fee is calculated on a basis which includes unrealized appreciation of the Fund's assets it may be greater than if such allocation were based solely on realized gains.

For its services to the Account Clients, Algert expects to receive a management fee payable quarterly in advance at an annual rate generally ranging from 0.4% - 1.0%.

Algert does not advise individual investor clients as to the appropriateness of investing in the Funds, and Algert does not receive any compensation for doing so (except to the extent that Algert received advisory and other fees from the advisory services it provides to the Funds) or for selling interests in the Funds.

#### **FUND EXPENSES**

Each Fund bears all of its ongoing operating costs. Those costs include, among other things, brokerage commissions on portfolio transactions, interest on margin and other borrowings; borrowing charges on securities sold short; custodial fees; bookkeeping, accounting audit and other professional fees and expenses; legal fees (including fees paid to Algert's counsel for services for the benefit of the Fund); certain expenses Algert incurs for investment research and due diligence; governmental fees and taxes; costs of reporting to the Funds' limited partners; cost of governance activities (such as obtaining limited partners' consents); fees paid to a third-party administrator; and all other reasonable expenses related to the management and operation of the Funds or the purchase, sale or transmittal of Fund assets, or as Algert determines to be reasonable.

#### **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, individual clients and the client Funds will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Algert's investment management fee.

## **ITEM 6 - PERFORMANCE-BASED FEES**

Algert receives performance-based fees in the Fund. Algert currently manages separately managed accounts for which it does not receive any performance fees. Because Algert manages both accounts that receive performance-based allocations and accounts that do not receive a performance-based allocation, Algert and its supervised persons may have an incentive to favor accounts for which Algert receives a performance-based allocation. Performance-based fee arrangements may provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied.

Algert is guided by fiduciary principles in the management of conflicts of interest. Algert is expected to always act in the best interests of its clients. Algert's fiduciary obligation applies in every aspect of Algert's dealings with clients, regardless of the account relationship, assets under management or fee structure. To address these types of conflicts, Algert has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that Algert believes is consistent with its obligations as an investment adviser.

## **ITEM 7 - TYPES OF CLIENTS**

The Funds generally accept subscriptions only from accredited investors and investors that are eligible to enter into a performance fee arrangement under the Investment Advisors Act of 1940, as amended, as applicable. The minimum initial purchase for investment in Funds managed by Algert is \$1,000,000, although this minimum may be waived at the discretion of Algert. In addition, investors are required to make representations concerning their investment sophistication, financial condition and ability to bear risk of loss of their entire investment. Algert may waive all or part of any admission standard within its sole discretion and in accordance with applicable regulations.

Algert's Account Clients currently include pension funds. In the future, Account Clients may include individuals and their trusts or estates, charitable organizations, and corporations or other business entities. The minimum amount required to open an individually managed account is negotiated on a deal-by-deal basis.

In addition, Algert is the sub-adviser for open-end investment companies registered under the Investment Company Act of 1940 (the "1940 Act").

As a result of the minimum requirements, Algert's services may not be appropriate for everyone. Other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

### **METHODS OF ANALYSIS**

Depending upon the strategy and the type of investment, Algert utilizes a combination of fundamental and technical analysis. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Technical analysis involves analyzing statistics provided by market activity such as past prices and volume to identify patterns that can be used to predict future activity. In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings as appropriate. Algert may also review corporate activities as part of its analysis.

### **INVESTMENT STRATEGY**

Algert specializes in active, systematic equity investing. The firm offers global equity market neutral, U.S. small cap, international small cap, international equity and global equity strategies (collectively, “the Strategies”).

The investment process is based upon the belief that market participants exhibit many behavioral and cognitive biases which in turn lead to pricing discrepancies across various equity markets. The investment team seeks to exploit these inefficiencies in a systematic way, employing quantitative stock selection models which can be categorized into three broad “Themes” - Relative Value, Quality and Catalyst. Each model is designed to exploit a specific bias in the way most investors process information and make trades.

- The Relative Value model detects stocks that are mispriced relative to their peers.
- The Quality model examines the full spectrum of financial statements (Income, Balance Sheet and Cash Flow) to measure the intrinsic robustness of a company’s operating performance.
- The Catalyst model employs the broadest set of inputs, including fundamental, sentiment and technical measures to identify companies with changing expectations and levels of attention.

These models are used in conjunction with one another to develop a composite alpha score for each stock within the investable universe. These scores are combined with estimates of risk and trading costs to construct well diversified, risk-controlled equity portfolios.

### **INVESTMENT RISKS**

Prospective investors should carefully read the confidential private placement memorandum (the “Memorandum”) for each private investment fund in which they intend to invest. The Memorandum contains a complete copy of the Fund’s limited partnership agreement and other important information. However, the Memorandum should not be construed as legal or tax advice to the investor and investors are advised



to consult with their own legal and financial advisors as to all matters concerning an investment in a Fund.

The investment objectives of the Funds are to build portfolios of public investments that generate returns in excess of those realizable through other investments of similar risk and duration. There can be no assurance that these objectives will be achieved. Investments in the funds are subject to significant risks and conflicts of interest, described in the Memorandum for each Fund.

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

***General Economic and Market Conditions*** - The success of the Strategies' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Strategies' portfolio companies are engaged as well as the markets for the securities the Strategies hold. Unexpected volatility or illiquidity could impair the Strategies' profitability or result in losses.

***Non-U.S. Investments*** - The Strategies may invest a significant portion of their assets in securities of non-U.S. companies and/or securities denominated in currencies other than U.S. dollars. These may include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing will subject the Strategies to certain risks not typically associated with investing in securities in the United States. The following discussion sets forth some of the more significant risks associated with this type of investing.

***Characteristics of Non-U.S. Securities Markets*** - The Strategies generally buy and sell securities on the principal stock exchange or over-the-counter market of the country in which the principal offices of the issuer of the security are located. Some non-U.S. stock markets may not be as developed or efficient as those in the United States and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than there is in the United States. Further, as compared with trading volumes in U.S. markets, trading volumes in non-U.S. markets are usually lower and therefore are characterized by less liquidity and more rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher

than negotiated commissions on U.S. exchanges, and custody expenses are generally higher as well. Settlement practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, and the Strategies may be required to borrow Strategies or securities to satisfy its obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses to the Strategies.

***Less Company Information and Regulation*** - Generally, there is less publicly available information about non-U.S. companies than there is about U.S. companies. This may make it more difficult for Algert to keep informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of non-U.S. companies.

***Currency Fluctuation*** - Some of the Strategies’ investments may be denominated in non-U.S. currencies. A change in value of any such currency against the U.S. dollar will cause a corresponding change in the U.S. dollar value of the Strategies’ investments that are denominated in that currency. Those changes may affect the Strategies’ income and profitability. Certain countries maintain the value of their currencies at artificially high levels relative to the value of the U.S. dollar. This practice may result in sudden and large adjustments in a currency’s value, potentially resulting in losses to foreign investors, such as the Strategies. The Strategies may enter into currency hedging transactions to attempt to reduce their currency exposure (although it may not always be practicable to do so). These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations, and they may limit any potential gain that might result from favorable currency fluctuations. Certain countries restrict conversion of their currency into foreign currencies, including the U.S. dollar, and for some currencies, there is no significant foreign exchange market.

***Restrictions on Investment and Repatriation*** - Certain countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require that proposed investments be preapproved by regulatory authorities or impose limits on the amount or types of securities that may be held by foreigners or on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Strategies’ investments in certain countries and may increase the Strategies’ costs and expenses. Foreign investors may, in some cases, be permitted to invest indirectly in certain countries through investment Strategies that have been specifically authorized for that purpose. However, because those countries grant only a limited number of authorizations, units or shares in most of the authorized investment Strategies may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount. In addition, certain countries impose restrictions and controls on the

repatriation of investment income and capital. Aligned may cause the Strategies to use swaps or other derivatives to obtain exposure to certain non-U.S. markets or securities.

***Political and Economic Instability*** - Many non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. Some governments participate in their economies in ways that can have a significant effect on securities prices, such as through ownership of private companies or the enactment of certain regulations. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments by U.S. persons, such as confiscatory taxation or expropriation.

***Withholding Taxes*** - Dividend and interest payments on certain non-U.S. securities the Strategies may own may be subject to foreign withholding taxes, which would reduce the Strategies' profit.

***Currency Hedging*** - Because a component of the Strategies' investment strategy may include investing in non-U.S. securities or securities traded in currencies other than U.S. dollars, the Strategies may seek to hedge their exposure to currency fluctuations. Hedging activities involve transaction costs that can reduce the Strategies' returns. Moreover, hedging may not always be effective. In addition to trading in futures contracts on currencies (subject to the conditions described above), the Strategies may enter into foreign currency forward contracts (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss if the Strategies fail to predict accurately the direction of currency exchange rates. For example, the Strategies may experience a loss if they increase their exposure to a foreign currency and that currency's value in relation to the U.S. dollar subsequently falls. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Strategies for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

***Use of Leverage*** - The Strategies may leverage their investment positions by borrowing funds and securities from securities brokers or dealers, banks or other financial intermediaries, and it may also use derivatives to leverage their capital, as discussed below. Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of the Strategies obligations) will usually be from (and, in the case of guarantees, to) securities brokers or dealers (primarily the Strategies' Prime Brokers—see "Brokerage and Transactional Practices") and will typically be secured by the Strategies' securities and other assets. Under

certain circumstances, a lending broker or dealer may demand an increase in the collateral that secures the Strategies' obligations, and if the Strategies are unable to provide additional collateral, the broker or dealer could liquidate assets held in the Strategies' account to satisfy the Strategies' obligations. Liquidation in that manner could have extremely adverse consequences to the Strategies, including sales at disadvantageous times and prices and the acceleration of tax consequences.

**Hedging** - Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit.

**Short Selling** - The Strategies may sell securities short as a regular part of their investing activities or for hedging purposes. In a short sale, the Strategies sell securities they do not own, in the hope that the market price will decline and that the Strategies will be able to buy replacement securities later at a lower price. To accomplish this, the Strategies borrow the securities from a broker or other third party. They "close" the position by "returning" the security (buying a replacement security on behalf of the lender). The obligation to replace the borrowed securities does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss: the price at which the Strategies must buy "replacement" securities could increase without limit. As collateral for its replacement obligation, the Strategies are generally required to leave a certain amount of cash and/or securities with the broker that effected the transactions and, if the amount of the Strategies' liability increases due to increases in the security's price or decreases in the value of the existing collateral, deliver an additional amount of cash or other collateral upon the lender's request. The lenders for the Strategies' short sales will ordinarily be the Strategies' Prime Brokers, and some of the Strategies' assets will ordinarily serve as collateral. Therefore, if the value of the collateral were to become inadequate to secure the Strategies' obligations under its short positions, it is unlikely that the Strategies would be able to provide additional collateral. If that were to occur, the Prime Broker would likely cause the Strategies to "buy in" or "close" some or all of its short positions, likely at a time and on terms that are adverse to the Strategies. There can be no assurance that the Strategies will not experience losses on short positions or that they will have long positions that appreciate in value enough to offset any such losses.

**Risk of Derivatives, Generally** - The Strategies may trade and invest in a variety of derivative instruments, including swaps. Derivatives are financial instruments or arrangements, the risk and return of which are related to changes in the reference rates, indices or the value of securities or other assets. They can provide a form of "leverage" in that they permit the Strategies to speculate on fluctuations in the reference rates, indices or prices of securities or other assets while investing only a small percentage of the value of those assets. Trading and investing in derivatives can be highly speculative and can entail risks that are greater than the risks of investing directly in securities or other assets. Prices of equity derivatives are generally more

volatile than indices, rates or asset prices on which they are based. A change in the rates or indices or a change in the market price of the assets underlying a derivative will cause a much greater relative change in the price of the derivative. The Strategies' ability to profit or avoid risk through trading or investing in derivatives will depend largely on Algert's ability to assess the probability and magnitude of future changes in the underlying reference rates, indices or asset prices.

***Small Capitalization Securities*** - The Strategies may invest a substantial portion of their assets (either directly or through derivative securities) in securities of companies with relatively small market capitalizations. While Algert believes these securities can provide significant potential for appreciation, they can involve higher risks in some respects than investments in securities of larger companies. For example, prices of small-capitalization and even some medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization securities, an investment in those securities may be considered illiquid. These factors may cause unexpected decreases in the value of the Strategies' portfolio.

***Counterparty and Settlement Risk*** - To the extent the Strategies enter into over-the-counter derivative contracts or transactions (*i.e.*, transactions in options, swaps or other derivatives that are not cleared through the facilities of an exchange or clearing organization such as the Options Clearing Corporation), they may be exposed to the risk of default by its counterparty or to settlement difficulties. This risk may be materially greater than default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees, are generally marked to market daily, and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a greater risk of the other's default. Although a broker or dealer or other counterparty may collateralize its obligations to the Strategies by segregating assets and identifying them on its records as assets of the Strategies, those or similar arrangements may not always be adequate to protect the Strategies if the counterparty were to become insolvent and, as a result, the Strategies could expect delays in receiving the benefit of the derivative or other contract.

***Limited Liquidity of Some Investments*** - The Strategies may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Strategies' position in a security is large in relation to the overall market for the security. The Strategies may own securities that are relatively liquid when acquired but that become illiquid thereafter. The Strategies may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Strategies' profits, or increasing losses, in the positions. The value assigned to illiquid

securities (including thinly traded securities) and large blocks of securities for purposes of determining profits and losses may differ from the value the Strategies are ultimately able to realize on those securities.

***New Issues*** - Although Algert does not currently intend to cause the Strategies to do so, the Strategies may in the future invest in “new issues”—initial public offerings of equity securities. Investors who are “restricted” under the rules of FINRA would be limited in the amount of profits (if any) that they could be allocated from new issues in which the Strategies may invest or prohibited entirely from participating in a new issue. To the extent an Investor were deemed “restricted,” an investment in the Strategies could produce lower performance than that experienced by investors who were not deemed restricted. Any Investor who does not provide the Strategies with information sufficient to show that the Investor is not restricted would be presumed to be restricted.

***Portfolio Turnover*** - The Strategies may have higher portfolio turnover than other investment strategies. If that occurs, the brokerage commissions incurred by the Strategies may be higher than those incurred by strategies with a lower portfolio turnover rate.

***Insolvency of Brokers and Others*** - The Strategies are subject to the risk that a brokerage firm that executes its trades, the clearing firms that such brokers use, the clearing houses of which such clearing firms are members or other counterparties to transactions may fail. To the extent the Strategies buy securities from or sell securities to non-U.S. broker-dealers or other institutions, hold a portion of their assets through non-U.S. subcustodians, or place assets with non-U.S. entities as collateral in connection with transactions in derivatives or margin borrowings, the risks relating to potential insolvencies or failures of such entities may be greater than if the Strategies dealt only with U.S. institutions.

***Reliance on Technology*** - Algert’s trading strategies are highly reliant on technology, including hardware, software and telecommunications systems. In addition, Algert’s data gathering, research, forecasting, order execution, trade allocation, risk management, operational, back office and accounting systems are all highly automated and computerized. Such automation and computerization relies on an extensive amount of both proprietary software and third party hardware and software. Because of the quantity and nature of the software utilized by Algert, software errors may occur, and certain of these errors may impact the Clients’ portfolios. Additionally, with respect to third party hardware and software, such errors are often entirely outside the control of Algert. Algert seeks to reduce the incidence of software errors through a certain degree of internal testing and seeks to reduce the impact of such errors through monitoring and the use of certain independent safeguards in the overall portfolio management system and often, with respect to proprietary software, in the software code itself. Despite such testing, monitoring and independent safeguards, these software errors may result in, among other things, the execution of unanticipated trades, the failure to execute

anticipated trades, the failure to properly allocate trades among clients, the failure to properly gather and organize available data and/or the failure to take certain hedging or risk reducing actions. These errors may be extremely hard to detect. Regardless of how difficult their detection appears in retrospect, some of these errors may go undetected for long periods of time and some may never be detected. The impact caused by errors may be compounded over time. Algert does not expect to perform a materiality analysis on the vast majority of errors it discovers. Clients should assume that software errors and their ensuing risks are an inherent part of investing with a process-driven, systematic investment manager such as Algert. Accordingly, Algert does not expect to disclose discovered software errors to its clients, other than those caused by Algert's gross negligence.

Algert seeks, on an ongoing basis, to create adequate backups of software and hardware where possible but there is no guarantee that such efforts will be successful.

Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, clients may be materially adversely affected.

#### **ITEM 9 - DISCIPLINARY INFORMATION**

In October 2014, Algert notified the Swedish Financial Supervisory Authority (the "SFSA") of one net short position held within its global equity market neutral strategy which fell below a certain threshold. The notification occurred after the required date and was immediately reported to the SFSA upon discovery. In June 2015, Algert received notice from the SFSA that they would impose a fine relating to the late reporting of the short position. On July 3, 2015, Algert Global filed an appeal with the SFSA which was later denied based on a ruling received on February 17, 2016. Algert paid the \$25,113.79 fine following the issuance of invoices by the SFSA on April 22, 2016.

#### **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Algert is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although Algert may refer its clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

#### **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Algert's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended. The Code sets forth a standard of business conduct that takes into account Algert's status as a fiduciary to the clients and requires access persons to place the interests of the clients above their own interests

and the interests of Algert. The Code requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Algert's Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. Access persons must provide Algert's Chief Compliance Officer with a list of their personal accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an access person. In addition, Algert's access persons must provide annual holdings reports and quarterly transaction reports detailing, respectively, the holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1.

From time to time, Algert may cause clients (including the investors in the Funds) to buy a security in which Algert or an associated person has an ownership position, or Algert or an associated person of Algert may purchase a security of the same class as securities held in a client's account through its investment in affiliated Funds. It is Algert's policy not to permit associated persons to trade through its investment in affiliated Funds in a manner that takes advantage of price movements caused by clients' transactions.

Upon commencement of employment at Algert, employees are not allowed to acquire new positions in publicly traded equities in their personal accounts. Employees are allowed to sell out of equity positions which were acquired prior to beginning employment with Algert upon receiving written approval from the Compliance Officer. It is Algert policy that recommended investment opportunities are offered first to its clients before its employees may act on them. Algert prohibits trading on the basis of inside information and trading ahead of customer orders.

Clients may request a copy of Algert's Code of Ethics policy at any time.

## **ITEM 12 - BROKERAGE PRACTICES**

### **BEST EXECUTION**

Algert is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts. In selecting executing broker-dealers, Algert's primary objective is to obtain best execution while minimizing overall trading costs. Trade decisions are generally based on expected holding periods of multiple months and therefore are released slowly to the market over several days. Hence Algert employs multiple brokers in each geographic region to help mask trades that span days.



Within each region, Algert measures broker performance using the implementation shortfall method. This method compares trade prices and commission to pre-trade strike prices, typically the prior night's close, and charges an opportunity cost for any unfilled shares. This is benchmarked against Algert's own measure of expected implementation shortfall and scores brokers based on their performance relative to the expected cost. Qualitative factors such as the reliability of the broker's systems and trading platform may also have an impact on Algert's desire to trade with a broker, though this is less important than realized implementation shortfall. Based upon this evaluation, Algert may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees.

#### **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

Algert is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as "soft dollar" services and research, from that broker or allows the broker to pay for such research or services on its behalf. The Firm suspended its use of soft dollar arrangements in April 2007. Though Algert does not presently utilize any soft dollar arrangements, Algert reserves the right to enter into such arrangements in the future.

"Soft dollars" refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services may include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although Algert does not formally participate in soft dollar arrangements, it may, on occasion, be the recipient of unsolicited research or discounts on software and other services. These discounts are generally offered to all firms who fit a common profile and Algert is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. Algert routinely reviews the amount and nature of the research products and services provided by brokers.

#### **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

Algert may combine transaction orders on behalf of multiple clients and allocate the securities or proceeds on an average price basis among the various participants in the transactions. Algert and/or its associated persons may participate in such aggregated orders.

While Algert believes combining transaction orders should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or

had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Algert or its associated persons may not, under certain laws and regulations, be combined with those of some of Algert's other clients. In such cases, neither Algert nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

Whenever trades are allocated by a single broker to different accounts, the price paid by each account is the average price of the order. Transaction costs are allocated to each account on a pro rata basis, based upon the ratio of the amount of the particular issue of securities allocated to the account to the overall amount of the security purchased. It is Algert's policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution.

Algert manages some funds that are seeded with firm capital for the purpose of establishing track records ("Seed Funds"). Due to the size of these strategies, the Seed Funds cannot typically be traded using the same systems and brokers as Algert's other Funds. Therefore, Algert cannot aggregate orders in the Seed Funds with those of Algert's other clients. On days when the Seed Funds are trading, Algert's policy is to execute the trades of these funds independently, through separate brokers, without consideration to the relative timing of the trades. Algert makes no effort to either prioritize or randomize the timing of Seed Funds' trades. In practice, the Funds will trade throughout the day in attempt to achieve the best execution possible and the Seed Funds will typically execute during some small trading window, which could be at any time during the trading day and is often determined by the time zone of the market and Algert's workflow management concerns. Algert believes that this workflow will not lead to any systematic differences in executed average prices. Nonetheless, the trades in the Seed Funds may be executed at a more favorable price than prices for other Algert clients.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because Algert manages more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. Algert attempts to resolve all such conflicts in a manner that is generally fair to all clients over time. Algert may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is Algert's policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients.

#### **TRADE ERRORS AND POTENTIAL CONFLICTS**

Algert has implemented a policy and associated procedures for addressing trade errors that its personnel may make in connection with the Firm's investment activities on behalf of the Fund and other accounts Algert manages. Pursuant to that policy, should Algert's personnel make a trade error, Algert will seek to address and resolve the error as quickly as possible. It will also seek to identify the cause of the error and, as it deems appropriate, change or implement procedures to reduce the occurrence of such an error in the future. Though Algert attempts to minimize trade errors, in the course of normal business, Algert may cause a client account to incur one or more trade errors. The client and not Algert is responsible for any trade errors other than those caused by Algert's gross negligence that Algert makes in an account, even when the error hurts the client. However, with respect to certain sub-advisory accounts, Algert has agreed that if there is a loss caused by a trade error, Algert will make such sub-advisory account whole; similarly, gains resulting from a trade error will be maintained by such account.

### **ITEM 13 - REVIEW OF ACCOUNTS**

The Firm's research and implementation personnel devote substantially all of their time to the management of the Funds. Portfolio reviews focus on performance of a position compared to its industry and in light of general economic and market trends. The portfolios are monitored continuously as to individual security position and diversification levels, cash equivalent positions, other position limits, industry, country and sector weightings and adherence to investment guidelines. Algert's operations team conducts daily reconciliations of holdings to the prime brokers, custodians and fund administrator.

The administrator provides monthly account statements to the Funds' limited partner and investors. Algert provides Fund limited partners and investors with monthly performance reports. Additionally, all Fund partners and investors receive audited financial statements annually.

Account Clients receive monthly performance reports and statements from their custodian. Account Clients may also receive additional information from Algert.

### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Algert does not, nor do any principals or employees of the Firm, compensate any person for client referrals to the Firm. However, Algert does have an arrangement with an unaffiliated third party to provide Algert with capital referrals in exchange for a percentage of its asset based and performance-based fees applicable to any investor in the Fund introduced to Algert by such third party. Such agreement is in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. The referral fees paid to such third party are borne solely by the Firm. Algert's clients and its investors are not responsible for any of the fees.

## **ITEM 15 - CUSTODY OF CLIENT ASSETS**

Algert does not maintain physical possession or custody of any fund or investor assets or securities. Custody of the assets of each Fund is maintained under clearing broker arrangements with one or more clearing brokers or banks selected by Algert, in its sole discretion (the “custodian”). Written notice of the identity of each Funds’ prime broker/qualified custodian is provided to each new investor in the applicable fund’s offering memorandum. Algert enters into a disbursement procedures agreement with each Funds’ custodian, which restricts the custodian from making any fee or allocation payments to Algert or its affiliates from any account maintained by the custodian unless specified requirements are met.

The Funds of which Algert is general partner or investment advisor have prime brokerage arrangements with registered broker-dealers (“Prime Brokers”). Under these arrangements, the Prime Brokers, among other things:

1. Arrange for the receipt and delivery of securities bought, sold borrowed and lent;
2. Make and receive payments for securities;
3. Maintain custody of cash and securities;
4. Tender securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; and
5. Provide detailed portfolio and related reports.

Algert may cause the Funds or other clients to pay for custodial and related services.

## **ITEM 16 - INVESTMENT DISCRETION**

Algert has full trading and investment authority over client and client Fund assets under its management. Subject to the Firm’s investment strategy and the client’s or Fund’s investment objectives, Algert’s portfolio managers are given full discretion to determine:

1. Types of investments;
2. Which securities to buy;
3. Which securities to sell;
4. The timing of any buys or sells;
5. The amount of securities to buy or sell; and
6. The broker-dealer to be used in the transaction

In most cases, Algert has complete discretion over the selection of brokers and dealers (“broker/dealers”) to execute securities transaction for its clients and the negotiation of compensation arrangements with such broker/dealers.

## **ITEM 17 - VOTING CLIENT SECURITIES**

Algert's investment strategies emphasize (among other criteria) the creation of a diversified portfolio of equity securities. This investment style does not, for the most part, contemplate the holding of securities for long-term appreciation or influencing the development and maintenance of successful business strategies of corporate issuers. Rather, it contemplates selecting securities primarily on the basis of quantitative criteria and, in most cases, holding the securities for relatively short periods of less than a year. Algert has determined that it is in the best interest of the Funds and certain client accounts to have a third party, Glass Lewis & Co., perform its proxy voting.

In international markets where share blocking applies, Algert typically will not, but reserve the right to, vote proxies due to liquidity constraints. Share blocking is the "freezing" of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies. Share blocking typically takes place between 1 and 20 days before an upcoming shareholder meeting, depending on the market. While shares are frozen, they may not be traded. Therefore, the potential exists for a pending trade to fail if the trade settlement falls on a date during the blocking period.

Policies and procedures of Glass Lewis can be found on their website at:  
<http://www.glasslewis.com/resource/guidelines>.

## **ITEM 18 - STATEMENT OF FINANCIAL INFORMATION**

Algert does not require or solicit prepayment of its management fees from clients six months or more in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to Algert's clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.