

## **Form ADV Part 2A**

### **Item 1 – Cover Page**

**Investcorp Investment Advisers Limited**

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**This Brochure was last updated**

**September 29, 2011**

Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Investcorp Investment Advisers Limited (“IIAL” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

IIAL is registered with the SEC as an investment adviser. IIAL’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to determine to hire or retain IIAL as your Adviser.

Additional information about IIAL also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in IIAL’s name). The results will provide you with both Parts 1 and 2 of IIAL’s Brochure.

## **Item 2 – Material Changes**

Not Applicable

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\* A NOTE ABOUT THE FORMAT OF THIS BROCHURE: The SEC requires all investment advisers to organize their disclosure documents according to specific categories, some of which may not pertain to a particular adviser's business. Where a required category is not relevant to our business, we list the category and state that it does not apply.

#### **Item 4 – Advisory Business**

Investcorp Investment Advisers Limited (“IIAL”) was formed in 2005 as part of Investcorp Group, whose primary operating entity is Investcorp Bank BSC (“Investcorp”). Investcorp founded in 1982, is a leading, global provider of alternative investments with assets under management across hedge funds, private equity, and real estate. IIAL is the management company for Investcorp hedge fund products.

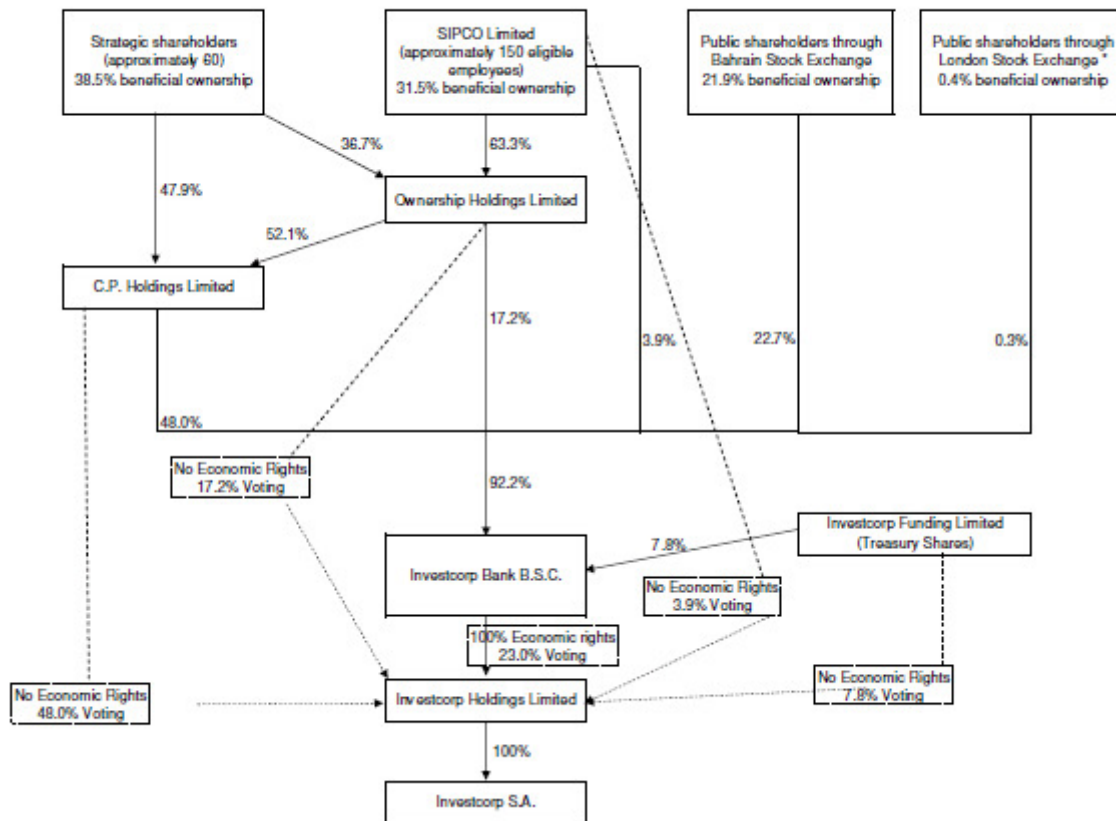
Investcorp Investment Advisers LLC (“IIALLC”) is an affiliate of IIAL and carries out some functions related to the management of the Investcorp hedge funds. NA Investcorp LLC (“NAIALLC”) is the placement agent for the hedge fund products. All three companies are wholly-owned subsidiaries of Investcorp.

Investcorp launched its Hedge Funds Program in 1996 and currently manages \$4.7 billion in hedge fund assets. With nearly \$1 billion of its proprietary capital invested in its hedge funds program, Investcorp is one of the largest investor in the products we offer. IIAL’s Funds benefit from the Firm’s access to top-tier hedge fund investment talent, institutional-quality operational infrastructure, significant commitment to sophisticated hedge fund risk systems, and innovative hedge funds specific research. IIAL provides its Funds access to hedge funds through its Single Manager Funds, diversified Fund of Funds, Customized Portfolios, and Structured Products (collectively the “Funds”). IIAL provides investment management services to the Funds which are exempt from registration as investment companies under the Investment Company Act of 1940.

## Ownership Structure

IIAL is wholly owned by Investcorp S.A. The following chart shows the ownership structure for Investcorp S.A.

INVESTCORP GROUP  
OWNERSHIP STRUCTURE  
30-Jun-11



IIAL's assets under management ("AUM") were \$ 4.7 billion as of June 30, 2011 of which approximately \$28 million were non-discretionary. This excludes investments made by one IIAL managed fund into another IIAL managed fund to avoid double counting assets.

## Overview of Advisory Services

As an investment advisor to IIAL's Funds, IIAL:

- Identifies and implements investment opportunities for Funds;
- Performs monitoring and oversight of Funds investments;
- Makes investment decisions on behalf of Funds to invest or redeem investments

- May engage in occasional hedging transaction of currencies and/or certain market exposures for certain Funds.

### Funds of Funds and Single Manager Funds

The Funds include "funds of funds" and "single manager funds." The funds of funds invest their assets in other funds (which are typically not U.S. registered investment companies) managed by unaffiliated or affiliated third party investment managers ("Managers") or allocate assets to Managers to manage (such other funds and Managers are sometimes referred to herein as the "Underlying Investments"). Within IIAL's fund of funds products, IIAL generally invests in a diversified group of underlying investments, who in turn invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities and fixed income securities, currencies, commodities, futures contracts, options and other derivative instruments, all of which may be listed or unlisted, rated or unrated, distressed or publicly or privately issued.

The single manager funds are Funds for which IIAL or an affiliate is responsible for selecting an unaffiliated or affiliated adviser (the "Single Manager") which will be responsible for the day-to-day management of the Fund. Generally, in a single manager fund format the Single Manager is responsible for the day to day investment decisions, and IIAL acts in an oversight capacity by monitoring the Fund against investment and operational guidelines that are established prior to the launch of a single manager fund.

For funds of funds, IIAL, either on its own or through a subadviser selected by IIAL (which may be an affiliate of IIAL) seeks to determine which funds or managers are most suitable for the Funds, to make investments at the time and in the amount deemed appropriate, to monitor investments on an ongoing basis and to cause the Funds to make adjustments in their investments, or to sell or redeem such investments and to make new investments. Please see section 8 which describes the investment decision making process in greater detail. In addition, IIAL may from time to time implement specific direct hedging transactions to mitigate certain risks in the funds of funds. IIAL may engage in these types of transactions when, for example, the IIAL's and its affiliate's near term view on the markets cannot be implemented through rebalancing, given the notice periods and redemption frequencies of underlying managers.

IIA LLC, an SEC registered investment adviser and affiliate of IIAL, may agree to perform some of the investment management services to be provided to the fund of funds and single manager funds.

The funds (or Managers) in which (or with whom) the funds of funds invest charge the Funds asset-based fees, performance-based fees on the realized and unrealized

appreciation of the Funds' investments and other fees. The fees charged by the funds (or Managers) in which (or with whom) the Funds invest are in addition to the asset-based fees, performance-based fees and other fees charged by IIAL and/or its affiliates as described below in Item 5.

#### Customized Portfolios and Structured Products

IIAL also provides investment management services to customized portfolios and to certain types of structured products including collateralized, leveraged and/or customized funds. Customized portfolios and structured products invest their assets in other funds (which are typically not U.S. registered investment companies) managed by unaffiliated or affiliated third party investment managers ("Managers") or allocate assets to Managers to manage. In addition, IIAL may from time to time implement specific direct hedging transactions to mitigate certain risks in the customized portfolios or structured products. IIAL may engage in these types of transactions when, for example, the IIAL's and its affiliate's near term view on the markets cannot be implemented through rebalancing, given the notice periods and redemption frequencies of underlying managers.

The primary differentiator between a fund of fund and a customized portfolio is that customized portfolios are generally set up for individual investor, whereas fund of funds are commingled products with multiple investors.

IIAL manages Funds in a manner consistent with the operating agreement and Fund offering documents.

## **Item 5 – Fees and Compensation**

For funds of funds, IIAL charges a monthly, quarterly or annual management fee of up to 1.5% per annum of assets under management. IIAL may also charge a performance-based incentive fee of up to 20% of the net profits of the Funds, subject to a loss carry forward provision. Such fees may be charged in advance or in arrears; however, in no case are fees charged more than three months in advance. Any fees charged in advance will be refunded pro-rata in the event of termination of an advisory relationship.

IIA LLC, an SEC registered investment adviser and affiliate of IIAL, may agree to perform some of the investment management services to be provided to the Funds. In such circumstances, management fees and performance fees payable by the Funds will be apportioned between the IIAL and IIA LLC. The aggregate amount of such fees paid by the Funds will not increase as a result of IIA LLC performing some of the investment management services. The investment advisory agreements with the Funds are terminable by each Fund based on the termination provision in the respective agreement.

Single manager funds are charged a monthly, quarterly or annual management fee of up to 2.0% per annum of assets under management as well as a performance-based incentive fee of up to 20% of the net profits of the Funds, subject to a loss carry forward provision. Such fees will be apportioned between IIAL and the Single Manager and may be charged in advance or in arrears; however, in no case are fees charged more than three months in advance. Single Managers are compensated either by IIAL or directly by the Fund. IIA LLC may agree to perform some of the investment management services to be provided to a Fund. In such circumstances, management fees and performance fees payable by the Fund will be apportioned among the IIAL, IIA LLC and the Single Manager. The aggregate amount of management and performance-based fees paid by the Fund will not be in excess of the amounts described above, regardless of the structure of the arrangement between the Fund, IIAL, IIA LLC and the Single Manager. The investment advisory agreements with the single manager funds are terminable by each single manager fund based on the termination provision in the respective agreement.

Investcorp Bank BSC, an affiliate of IIAL, serves as administrator and/or custodian for one or more of the Funds advised by IIAL, and may charge the Funds a separate fee of up to 0.2% per annum.

Affiliates of IIAL are permitted to invest in the funds of funds and single manager funds advised by IIAL without incurring any management, performance or administration fees.

Affiliates of IIAL may also have certain preferential liquidity rights allowing the affiliates to redeem shares on short notice.

The specific details of the arrangements described above (which may vary from Fund to Fund) with respect to a Fund are set forth in the offering documents of the Fund.

Terms and conditions of Customized Portfolios and Structured Products are negotiated and may fluctuate due to, among other things, market conditions. Fees may be charged in advance or in arrears; however, in no case are fees charged more than three months in advance. Management Agreements with customized portfolios and structured products are terminable based on the termination provision in the respective agreement.

Funds are generally responsible for brokerage, administration, and custody fees. For complete details see offering documents of the Fund.

#### Side Letters

For both funds of funds and single manager funds IIAL, or an affiliate of IIAL, may enter into an agreement with a direct or indirect holder of equity interests of the Fund, in consideration for investing in the Fund, commonly known as “side letters”. Pursuant to the side letter the shareholder may receive, among other benefits, a payment (or rebate) out of any fees earned by IIAL or an affiliate, preferential liquidity terms, “most favored nation” terms, access to portfolio holdings or a waiver of early redemption fees. These benefits may not be available to all shareholders.

#### Negotiation of Fees; Waivers

The fees payable in a separately managed accounts may be negotiated on a case-by case basis. Such fees may differ from the fees charged to the Funds and will typically include a management fee and a performance-based incentive fee.

Management fees, performance-based incentive fee and administrative fees payable by investors in the Single Manager Funds and Fund of Funds generally will not be negotiable, but under certain circumstances we may, in our discretion, waive or modify for particular investors all or a portion of the management fees, performance-based incentive fee and/or administrative fees, provided that doing so does not adversely affect other investors.

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

As stated in the “Fees and Compensation” section above, IIAL has entered into performance fee arrangements with qualified Funds: such fees are subject to individualized negotiation with each such Fund. IIAL will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3. In measuring Funds' assets for the calculation of performance-based fees, IIAL shall include realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for IIAL to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. IIAL does not manage any accounts that do not pay performance fees, except for Funds established for employees of IIAL and its affiliates. IIAL has procedures designed and implemented to ensure that all Funds are treated fairly and equally, and to prevent the conflict raised by performance fees from influencing the allocation of investment opportunities among Funds.

## **Item 7 – Types of Clients**

We provide investment advice to pooled investment vehicles or investment vehicles dedicated to an individual institutional investor, both of which we consider to be our clients. Persons or entities that are solicited to participate in onshore and offshore private investment vehicles must be “qualified purchasers” and generally are not themselves our clients.

### **Requirements for Opening or Maintaining Accounts**

We require a minimum investment depending on the class of interests in the relevant Fund. The typical minimum initial investment in an IIAL Single Manager or Fund of Funds ranges from \$1 million to \$5 million. The minimum initial investment in a Customized Portfolio or Structured Product is typically \$50 million.

The offering documents for each specific Fund contain detailed information concerning the relevant minimum initial and additional investment requirements. Subscriptions will be accepted only from persons who qualify as eligible investors within the meaning of applicable U.S. federal and state securities regulations.

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

### Funds of Funds and Customized Portfolios

Once investment parameters have been specified for a fund of funds or a customized portfolio (i.e. risk/return, investment styles, fund structures, transparency, liquidity preferences, etc.) IIAL utilizes a four step investment process to implement that mandate.

- Manager sourcing and due diligence
- Asset allocation
- Portfolio Construction and Implementation
- Risk Management

(1) Manager sourcing and due diligence – The Firm’s investment team continually tracks and monitors a universe of over 7000 hedge fund managers. Once top-quartile managers are identified, further research is conducted on track records, investment processes, and key professionals. Managers are then scored based upon the results of comprehensive in-house operational and investment due diligence meetings, from which will choose five to seven high-conviction funds per strategy or as indicated by the investment mandate.

(2) Asset allocation – The Firm utilizes a multiple time horizon approach to asset allocation. Strategic allocation uses a mean/variance quantitative framework to determine the optimal allocation to each hedge fund strategy over a long time horizon (three to four years). Tactical allocation incorporates a short-term view (six to twelve months) using customized Black Litterman modeling.

(3) Portfolio Construction and Implementation – The Firm uses a rigorous in-house research process (quantitative and qualitative) to estimate each strategies respective alpha, beta, and residual components. Once an optimal portfolio is constructed, portfolio parameters and constraints (as previously stated by the investor) are factored in, thereby creating a unique hedge fund portfolio solution.

(4) Risk management – Risk management is performed throughout the entire investment process and is monitored at the portfolio, strategy, underlying manager, and transaction levels.

IIAL would generally invest in a multi-manager, multi-strategy hedge fund portfolio across the following strategies:

- Macro Discretionary
- Macro Systematic
- Distressed
- Event Driven
- Convertible Arbitrage
- Equity Market Neutral
- Fixed income/Relative Value
- Long/Short US
- Long/Short Europe
- Long/Short Japan/Asia
- Portfolio Insurance

Once a mandate is specified, including specific control factors decided by the Fund, The Firm utilizes a multiple time horizon approach to portfolio construction. Strategic allocation uses a mean/variance quantitative framework to determine the optimal allocation to each hedge fund strategy over a medium to long-term investment period (three to four years). Tactical allocation incorporates a short-term view (six to twelve months) using customized Black Litterman modeling.

Manager sizing is determined primarily by risk contributions, along with the following factors:

- Conviction level of the manager based on extensive due diligence
- Length of the manager track record.
- Level of transparency obtained from the manager.
- Dollar limit per manager (No manager should exceed a certain percentage of the portfolio as determined by the agreed upon account parameters.)
- Risk contribution limit per manager. Higher risk profiles tend to mean lower asset allocations.
- Market beta of the manager and the target portfolio market beta.

All third party managers considered for a portfolio are subjected to extensive investment and operational due diligence prior to being placed on the “approved” investment list. Due diligence criteria includes:

- Risk analysis - Historic portfolio snapshots are taken from the manager and processed through our internal risk systems; we then calculate our own summary metrics such as ex-ante volatility, factors bets taken in the portfolio, dollar exposure levels at the total portfolio level and exposures to sectors, industries, capitalization, etc. We also perform an independent liquidity analysis of the portfolio.
- Performance attribution – The Firm developed a proprietary performance attribution system that enables us to assess the consistency of stock selection alpha over time and delineates alpha vs. beta.

The Firm also examines the liquidity of the constructed Fund portfolio: (i) how long does it take to redeem from the underlying managers (redemption notice period and redemption frequency) and (ii) how long does the manager need to completely liquidate the portfolio (assuming a certain percentage of the daily volume of individual stocks).

Many of the methods of analysis and investment strategies discussed above may also apply to structured products depending upon its configuration.

### Single Manager Funds

For single manager funds, we delegate investment advisory responsibility to the third-party subadviser who trades the assets of the single manager fund in accordance with the trading strategy it has developed.

Through our Single Manager Funds, investors have access to individual hedge funds seeded with Investcorp proprietary capital and overseen by IIAL. Investments, made through "managed accounts", but offered to investors in a fund structure, benefit from Investcorp's stable capital base and operational/investment risk oversight. Currently available investment strategies include Fixed Income Relative Value, Convertible Arbitrage, Global Macro, Multi-Strategy, Long/Short Equity, and Structured Credit.

### Risk of Loss

Investors should be aware that any investment in our Funds is subject to significant risks, including the loss of all or a substantial portion of their investment. Investors should consider the following risk factors when making their investment decisions:

- Investments in or linked to hedge funds are highly speculative and may be highly volatile;

- There is no secondary market for an investor's interest in the Fund and none is expected to develop. Opportunities for redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed;
- Some of our Funds have limited trading and operating history;
- Investors should be able to bear the financial risks and limited liquidity of these Funds;
- Leverage may be employed in the Fund's portfolio, which can make investment performance volatile. In addition, the Fund's portfolio may engage in the use of options, futures and other derivatives (including currencies), and may engage in short sales or invest in other types of securities, all of which can impact the performance of the Fund;
- The fees and expenses charged in connection with the Fund may be higher than the fees and expenses of other investment alternatives and may offset profits;
- There can be no assurance that the Fund's investment objectives will be achieved and investment results may vary substantially over time; and
- Funds results may vary substantially on a monthly or annual basis.

For additional information, investors should carefully review the offering documents for the Fund they wish to invest into with particular emphasis on the investment strategy, risk factors, and conflicts of interest sections. Investors should also consult their legal and tax advisers before making an investment decision.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IIAL or the integrity of IIAL's management. Neither IIAL nor any of its supervised persons has been the subject of any legal or disciplinary event required to be disclosed on Form ADV.

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

We have arrangements that are material to our advisory business and/or our Funds with the following related persons:

IIAL is a member of the Investcorp group of companies. It is 100% directly owned by Investcorp S.A. ("S.A.").

The parent company of S.A. is Investcorp Bank B.S.C. ("B.S.C."). B.S.C. has a wholesale banking license issued by the Central Bank of Bahrain ("CBB") and B.S.C. and the IIAL (by virtue of being an indirect subsidiary of B.S.C.) are regulated by the CBB. B.S.C. is authorized in Bahrain to advise clients on the relative merits of investing in Investcorp products and arrange such investments, but is not registered in the U.S. and does not provide investment advice or act as a broker-dealer in the U.S. Employees of B.S.C. provides support services to the IIAL. B.S.C. serves as administrator and/or custodian for one or more of the Funds.

Investcorp Management Services Limited ("IMSL") is 100% directly owned by S.A. IMSL is incorporated in the Cayman Islands and has its offices in Bahrain. IMSL is registered as a mutual fund administrator and company manager with the Cayman Islands Monetary Authority and is authorized to provide investment advice. IMSL is not registered in the U.S. and does not provide investment advice in the U.S. IMSL serves as manager for Funds and several special purpose vehicles ("SPVs") used by IIAL or an affiliate to facilitate the allocation of assets by funds of funds to third party investment managers. IIAL or an affiliate is solely responsible for choosing the third party investment managers and for determining the allocation of fund assets to the third party investment managers through the SPVs. IMSL is not compensated for its role with respect to the SPVs.

Investcorp Investment Advisers LLC ("IIA LLC") is 100% directly owned by Investcorp International Holdings Inc. ("IIHI"). The parent company of IIHI is Investcorp S.A. ("S.A."). IIA LLC is a Delaware limited liability company and has its offices in New York City. IIA LLC is registered in the U.S. as an investment adviser with the Securities and Exchange Commission. Pursuant to various agreements between IIAL, IIA LLC, and the Funds, IIA LLC may perform some of the investment management services to be provided to the Funds. In such circumstances, management fees and performance fees payable by the Funds will be apportioned between IIAL and IIA LLC. The aggregate amount of such fees paid by the Funds will not increase as a result of such arrangement.

N.A. Investcorp LLC ("NAILLC") is 100% indirectly owned by S.A. LLC has its offices in New York City and is an FINRA member and an SEC registered broker-dealer. LLC serves as placement agent for one or more of the Funds. NAILLC receives a fee based upon the amount of funds raised by NAILLC that remains invested in the Funds.

Investcorp Securities Limited ("ISL") is 100% indirectly owned by S.A. ISL is incorporated in England and has its office in London. ISL engages in corporate finance business and is regulated by the UK Financial Services Authority. ISL's business is comprised of (i) providing corporate finance advice in connection with potential UK-based acquisition, disposition and finance transactions, and (ii) contacting corporate finance contacts in England and arranging investments by such corporate finance contacts in various Investcorp products, including Investcorp hedge funds.

## **Item 11 – Code of Ethics**

### Code of Ethics

Pursuant to Rule 204(A)-1 of the Advisers Act, we have adopted a written Code of Ethics (the “Code”) which includes policies and procedures designed to reduce actual and potential conflicts of interest and set up “best practices” standards to ensure that our employees place the interests and integrity of our investors above their own personal interests.

The Code includes provisions relating to the following principles:

- As a registered investment adviser, IIAL has a fiduciary relationship with its Funds. Therefore, all supervised persons must carry out their duties solely in the best interests of Funds and free from all compromising influences and loyalties.
- IIAL's operations are governed by the U.S. Investment Advisers Act of 1940 (“Advisers Act”) and the rules and regulations that the U.S. Securities and Exchange Commission (the “SEC”) has promulgated there under. All supervised persons must comply with the Advisers Act and other applicable Federal securities laws and rules.
- Under no circumstances may supervised persons use confidential information about a Fund, or an actual or potential investment of a Fund, including portfolio decisions made by any Asset Manager, for the Supervised Person's own benefit. Nor may he/she divulge information about Funds or potential or actual investments of Funds to any person except in the course of performing his/her duties on behalf of the Company. Supervised persons are expected to be knowledgeable about the Company's privacy policy and to adhere to same.
- IIAL and supervised persons must act with prudence and make sure their investment decisions for Funds have a reasonable and adequate basis. Prior to taking action on behalf of Funds, supervised persons must analyze the investment opportunities in question and only take actions that are consistent with the stated objectives and constraints of the Fund. Neither IIAL nor any Supervised Person may favor the interests of one IIAL Fund over another. Although it may not be possible to treat each Fund identically in every single transaction, on the whole, no Fund or group of Funds should be disadvantaged to benefit any other Fund or group of Funds.
- No Supervised Person may directly or indirectly agree to share in the profits earned or losses incurred in any Fund's account.
- No Supervised Person may warrant or guarantee the future value of or return on any security or investment. Nor may he/she warrant or guarantee the success or

profitability of any investment advice the Company renders or any trading or investment strategy the Company or any Asset Manager follows.

- No Supervised Person may make or receive a payment or gift in excess of \$250 per individual per year where the payment or gift relates to the business of the recipient's employer. This prohibition does not apply to gifts to or from persons with whom the Supervised Person has a family or other personal relationship that exists apart from his/her association with the Company or any other Investcorp entity. This prohibition also does not apply to ordinary and usual business entertainment hosted by IIAL or any other Investcorp entity. Supervised persons must report to Compliance all gifts made or received in excess of \$40.
- Supervised persons must not lend or borrow money, securities or commodities to or from a Fund.
- Except as expressly authorized by the Company, no Supervised Person may directly or indirectly authorize or pay any rebate, bonus, fee or other consideration to any person for business sought or procured, or to any official of any governmental or regulatory body.
- Supervised persons shall maintain and preserve all books, records, and accounts which accurately and fairly reflect financial transactions on behalf of the Company or a Fund. No Supervised Person may make or cause to be made any false or misleading entry or record in the books, records or accounts of the Company or a Fund.

As with all policies and procedures, our Code is designed to cover a variety of circumstances and conduct. However, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with personal trading. Consequently, our employees are expected to abide not only by the letter of the Code, but also by the spirit of the Code. Whether or not a specific provision of the Code addresses a particular situation, employees must conduct their professional activities in accordance with the general principles contained in the Code and in a manner that is designed to avoid any actual or potential conflicts of interest.

We expect our employees to conduct our affairs on an arm's length basis and not to engage in business or financial activities that may conflict with ours. Decisions regarding our business relationship with any other person or entity must be based solely upon valid business considerations. No employee may permit a business decision to be influenced by personal or other unrelated interests or factors.

## Personal Trading

Our Code of Ethics addresses our employees' personal trading activities. Specifically, it requires that employees report their personal securities holdings and transactions to the Compliance Department. Our employees must obtain pre-approval from the Compliance Department prior to participating in any private securities transaction (whether external or internal). In the event that a supervised person seeks to invest in a US Limited Offering the compliance department will review the proposal to see if a Fund is considering a transaction in the same limited offering and if so the supervised person transaction interferes with the Funds transaction. The supervised persons proposed investment is also review to confirm is not on terms more favorable the Funds Investment.

Our Code of Ethics also covers the following topics: insider trading, conflicts of interest, political activities and contributions, participation in private securities transactions, privacy policy and outside business activities. Our officers and employees may from time to time serve as members of the boards of public and non-public companies. Such employees must obtain the approval of our Compliance Department prior to accepting such role.

A copy of the Code of Ethics is furnished upon request to any Fund investor or prospective Fund investor by contacting Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com).

It is IIAL's policy that the firm will not affect any agency cross securities transactions for Fund accounts.

IIAL's affiliates, from time to time, may in the aggregate maintain ownership interests of more than 25% of a Fund managed by IIAL. Principal transactions may occur where IIAL causes such a Fund to purchase shares from or sell shares to another advisory Fund (e.g., when rebalancing Fund portfolios). When a principal trade occurs, IIAL will disclose to an authorized representative of the advisory Fund in writing before the completion of the transaction, the capacity in which IIAL is acting, and will obtain the consent of that advisory Fund's representative to such transaction.

Certain senior executives of Investcorp comprise an investment council of the Investment Manager (the "Investment Council"), which is responsible for final approval of investment decisions made by the Investment Manager. The Boards of Directors of the Funds have appointed members of the Investment Council as the Funds' authorized representatives to consider whether to approve principal trades under Section 206(3) of the Investment Advisers Act of 1940. These Investment Council members are also senior executives of affiliates of IIAL, and thus, a potential conflict of interest exists. IIAL has procedures designed and implemented to mitigate this potential conflict and ensure that all Funds are

treated fairly and equally. For example IIAL employs a rigorous and systematic asset allocation methodology when rebalancing Fund portfolios; it also provides the Investment Council with performance and holdings information for each Fund.

## **Item 12 – Brokerage Practices**

We do not receive research or other practices or services other than execution from a broker-dealer or a third-party in connection with Fund securities transactions (“soft dollar benefits”).

### **Item 13 – Review of Accounts**

IIAL and its affiliate, IIA LLC, conduct monthly (or more frequent) reviews of the Funds (although the advisers of the single manager funds are responsible in the first instance for reviewing the portfolios of the single manager funds). IIAL's Investment Team, which includes the CIO and Deputy CIO, meet at least monthly to review asset allocation, potential managers, current manager performance, and risk profiles. In addition, the entire investment team meets monthly or more frequently to review investment opportunities of the investments.

Certain senior executives of IIAL's affiliated entities constitute an Investment Council which is responsible for final approval of investment recommendations made by the IIAL and its affiliate.

IIAL provides investment advisory services to the Funds. Investors in the Funds will receive written reports on the overall performance of their investments on at least a quarterly basis. In addition, annual audited financial statements are sent to investors in the Funds as well as annual investor tax schedules (e.g., K-1s) as applicable. IIAL may also provide various or other reports and information to investors upon request.

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

We do not have any oral or written arrangements where we receive any economic benefits from non-Funds in connection with providing investment advice or other advisory services.

In accordance with applicable federal and state regulations, we may compensate persons for soliciting prospective investors for, or referring prospective investors to, the Funds. We entered into a selling agency agreement with our affiliate NA Investcorp LLC (“NAILLC”). NAILLC is a member of the Financial Industry Regulatory Authority (“FINRA”) and is registered as a broker-dealer with the SEC. Please see Item 10 for additional information.

## **Item 15 – Custody**

IIAL is deemed to have custody of the funds and securities of certain Funds we provide investment management services to.

We comply with the Advisers Act Custody Rule by undertaking to deliver audited financial statements to the investors/participants in such Funds, within 120 days after the end of the fiscal year of the relevant Fund or in the case of funds of funds within 180 days of the end of the fiscal year. These financial statements are:

- prepared in accordance with U.S. generally accepted accounting principles; and
- audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

## **Item 16 – Investment Discretion**

We have the authority to determine, without obtaining specific Fund consent, the (i) securities to be bought or sold, (ii) amount of the securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commission rates to be paid. Please see Item 4 “Advisory Business” for more information.

Customized Portfolios may impose investment restrictions and risk guidelines on the type and quantity of securities their Customized Portfolio invests in.

In our capacity as manager of onshore funds, and as investment manager for offshore funds, we accept the discretionary authority for such Funds’ funds and securities. In the case of onshore funds, we accept discretionary authority pursuant to the operating agreement (LLC agreement or partnership agreement). For offshore funds, we accept discretionary authority pursuant to an investment management agreement or a sub-investment management agreement.

## **Item 17 – Voting Client Securities**

Because the nature of IIAL's business is to select other managers to manage assets of the Funds, it is a matter of policy and practice that IIAL will not engage in proxy voting for Fund accounts.

For Funds structured as funds of funds, customized portfolios, or structured products that do not directly hold securities, proxy voting will normally be carried out by the underlying Sub-Managers. With respect to Funds structured as Single Manager Funds, the proxy voting responsibility is that of the Single Manager.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about IIAL’s financial condition. IIAL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Funds, and has not been the subject of a bankruptcy proceeding.