

**Item 1 – Cover Page**

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This Brochure was last updated  
September 28, 2015

**Hedge Fund Advisory Services**

Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Investcorp Investment Advisers LLC (“IIA LLC” 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.

IIA LLC is registered with the SEC as an investment adviser. IIA LLC’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 IIA LLC as your adviser.

Additional information about IIA LLC 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 IIA LLC’s name). The results will provide you with both Parts 1 and 2 of IIA LLC’s Form ADV.

## Item 2 - Material Changes

The following is a summary of material changes to Part 2A Form ADV since the last annual amendment filed with the SEC on September 29, 2014.

### Summary of Material Changes:

- The following sections have been updated to discuss IIA LLC's advisory business with respect to a new type of fund - i.e., the alt beta funds – that it manages: Item 4 “Advisory Business,” Item 5 “Fees and Compensation,” Item 6 “Performance-Based Fees and Side-by-Side Management,” Item 7 “Types of Clients,” Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss,” Item 12 “Brokerage Practices,” Item 13 “Review of Accounts,” and Item 17 “Voting Client Securities.”
- Item 4 “Advisory Business” was also revised to describe the funds IIA LLC manages that invest in opportunistic portfolios. Item 5 “Fees and Compensation,” Item 7 “Types of Clients,” and Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss” were also updated with respect to such funds.
- Item 10 “Other Financial Industry Activities and Affiliations” has been updated to identify IIA LLC as a commodity pool operator registered with the Commodity Futures Trading Commission and to disclose IIA LLC's affiliate, Investcorp Saudi Arabia Financial Investments Co., which serves as placement agent for one or more of the Funds.
- Item 11 “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” has been revised to reflect the new monetary limit on gifts given and received under IIA LLC's Code of Ethics.

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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.

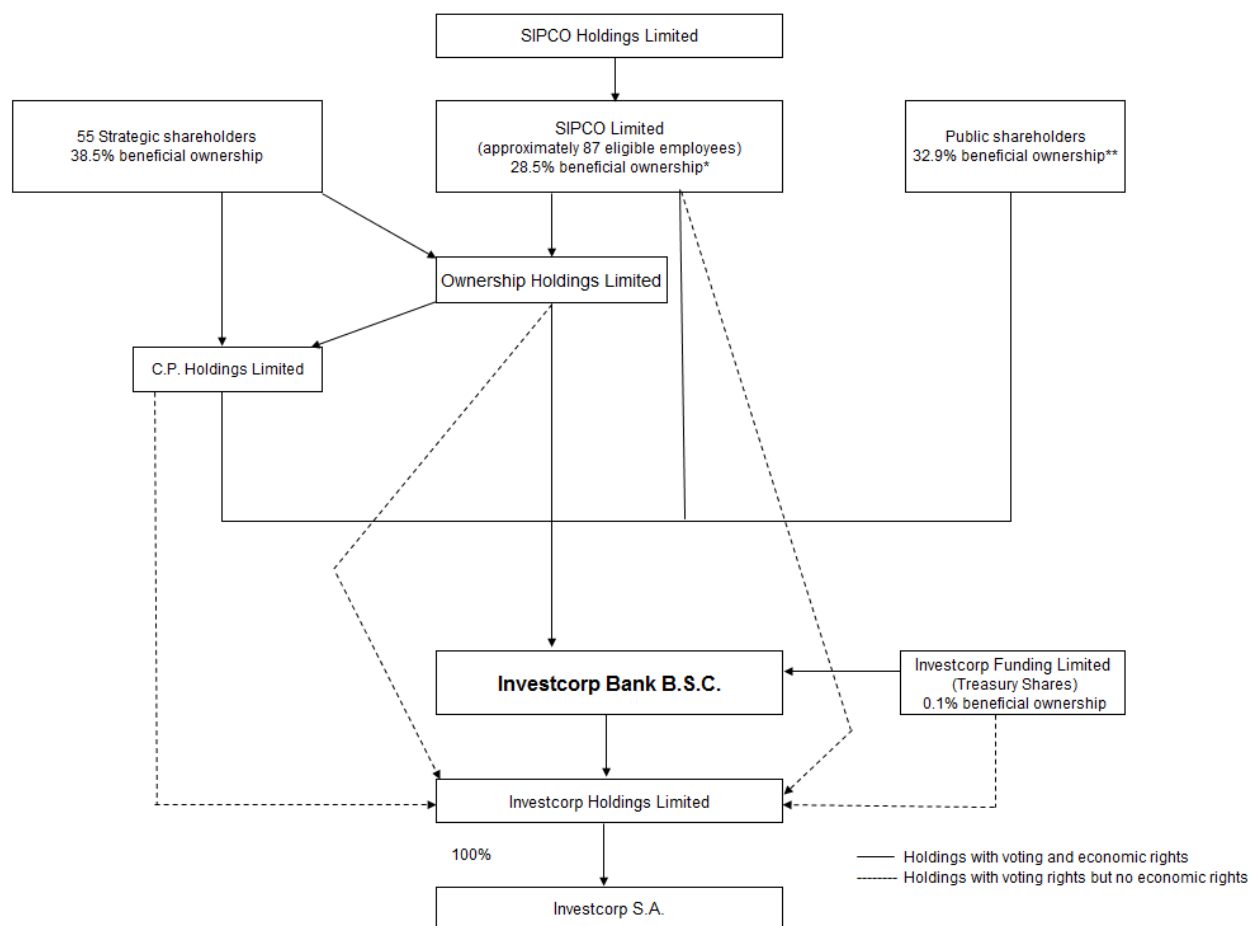
## Item 4 – Advisory Business

Investcorp Investment Advisers LLC (“IIA LLC” or the “Firm”) was formed in 2005 as part of Investcorp Group, whose primary operating entity is Investcorp Bank B.S.C. (“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. Investcorp is the parent company of Investcorp S.A. (“S.A.”), which is the parent company of Investcorp International Holdings Inc. (“IIHI”). IIA LLC is 100% directly owned by IIHI. IIA LLC is a management company for Investcorp hedge funds, private equity funds, and real estate products. This Brochure discusses the business practices of IIA LLC only in connection with its hedge fund advisory services. Please see the Firm’s other Brochures for a discussion of the Firm’s business practices in connection with its private equity advisory services and its real estate advisory services.

Investcorp Investment Advisers Limited (“IIAL”), an SEC registered investment adviser, is an affiliate of IIA LLC and carries out some functions related to the management of the Investcorp hedge funds. N.A. Investcorp LLC (“NAILLC”) and Investcorp act as placement agents for hedge funds. Please see Item 10, “Other Financial Industry Activities and Affiliations” for additional information on IIA LLC’s arrangements with its affiliates.

### Ownership Structure

IIA LLC is a member of the Investcorp group of companies. It is 100% directly owned by Investcorp International Holdings Inc. (“IIHI”). The parent company of IIHI is Investcorp S.A. The following chart shows the ownership structure for Investcorp S.A.



\*Includes 11.5% in shares that are held for future grant to management and 1.8% shares granted but not acquired under the various Employee Share Ownership Plans. The Bank has approval from the Central Bank of Bahrain (“CBB”) to hold up to 40% of its shares for various Employee Ownership Plans. On the balance sheet these shares are accounted for as the equivalent of treasury shares.

\*\* Includes 0.9% beneficial ownership held in the form of unlisted Global Depository Receipts.

Investcorp launched its Hedge Funds Program in 1996. IIA LLC provides investment management services to single manager funds, diversified funds of funds, customized portfolios, structured products and alt beta funds (collectively the “Funds”) which are exempt from registration as investment companies under the Investment Company Act of 1940. IIA LLC’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 fund specific research.

IIA LLC’s assets under management (“AUM”) in the Funds were \$1.9 billion as of June 30, 2015, all of which were managed on a discretionary basis. This excludes investments made by one IIA LLC managed fund into another IIA LLC managed fund to avoid double counting assets. IIA LLC’s total AUM in the Funds, private equity, and real estate funds it manages was \$4.1 billion as of June 30, 2015, all of which were managed on a discretionary basis.

### Overview of Hedge Fund Advisory Services

As an investment adviser to the Funds, IIA LLC typically engages in one or more of the following activities:

- Identifies and implements investment opportunities for Funds;
- Performs monitoring and oversight of Fund investments;
- Makes investment decisions on behalf of Funds to invest or redeem investments; and
- May engage in occasional hedging transactions of currencies and/or certain market exposures for certain Funds.

IIA LLC may retain other consultants and advisers as it deems desirable for the performance of its management responsibilities. IIAL, an SEC registered investment adviser and affiliate of IIA LLC, may perform some of the investment management services to be provided to the Funds.

### Single Manager Funds and Funds of Funds

The Funds include "funds of funds" and "single manager funds." The single manager funds are Funds for which IIA LLC or an affiliate is responsible for selecting an unaffiliated adviser (the "Single Manager") which will be responsible for the day-to-day management of the Fund. Generally, in a single manager fund format Investcorp invests seed capital in the fund. The Single Manager is responsible for the day-to-day investment decisions, and IIA LLC 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.

The funds of funds invest their assets in other funds (which are typically not U.S. registered investment companies) managed by unaffiliated and/or affiliated investment managers ("Managers") or allocate assets to Managers to manage in either a separately managed account or in a separate investment vehicle (such other funds and Managers are sometimes referred to herein as the "Underlying Investments"). Within IIA LLC's fund of funds products, IIA LLC generally invests in a diversified group of Underlying Investments, which 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. Certain other funds of funds invest, through one or more third-party managers, in an opportunistic portfolio based on

market conditions and investment cycles and have an investment horizon of approximately two to three years.

For funds of funds, IIA LLC, either on its own or through a subadviser selected by IIA LLC (which may be an affiliate of IIA LLC), 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 Item 8 which describes the investment decision making process in greater detail. In addition, IIA LLC or a third-party manager may from time to time implement specific direct hedging transactions to mitigate certain risks in the funds of funds. IIA LLC may engage in these types of transactions when, for example, IIA LLC's and its affiliates' near term view on the markets cannot be implemented through rebalancing, given the notice periods and redemption frequencies for Underlying Investments.

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 IIA LLC and/or its affiliates, as described below in Item 5.

#### Customized Portfolios and Structured Products

IIA LLC 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 investment managers ("Managers") or allocate assets to Managers to manage in a managed account. In addition, IIA LLC may from time to time implement specific direct hedging transactions to mitigate certain risks in the customized portfolios or structured products. IIA LLC may engage in these types of transactions when, for example, IIA LLC's and its affiliates' near term view on the markets cannot be implemented through rebalancing, given the notice periods and redemption frequencies for Underlying Investments.

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

### Alt Beta Funds

IIA LLC provides investment management services to the alt beta funds. The alt beta funds seek to provide a total return above a cash benchmark. In pursuing this objective, the alt beta funds invest in systemic “alternative beta” risk premiums across various asset classes. Some alt beta funds may also invest in “traditional beta” risk premiums. A risk premium is a positive expected excess return stream over a risk-free rate associated with cash or government bonds. “Traditional beta” risk premiums are commonly associated with systematic long-only exposures to asset classes such as stocks, bonds, currencies and commodities. “Alternative beta” risk premiums are commonly associated with systematic long-short exposures to asset classes such as stocks, bonds, currencies and commodities. The alt beta funds invest primarily in a portfolio of swap agreements.

Each alt beta fund offered to investors is a feeder fund in a master-feeder structure. Other funds sponsored or managed by IIA LLC, IIAL, or their affiliates may invest all or a portion of their assets in a master fund on different terms or conditions than those available to the alt beta feeder funds.

IIA LLC manages all Funds in a manner consistent with their operating agreements and offering documents.

## **Item 5 – Fees and Compensation**

For funds of funds, IIA LLC charges a monthly, quarterly or annual management fee of up to 1.5% per annum of assets under management. IIA LLC 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. With respect to certain funds of funds that invest in opportunistic portfolios, a management and/or performance fee is paid to the third-party managers and to an affiliate of IIA LLC.



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 IIA LLC and its affiliates 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 IIA LLC or directly by the Fund. The aggregate amount of management and performance-based fees paid by the single manager fund will not be in excess of the amounts described above, regardless of the structure of the arrangement between the single manager fund, IIA LLC and its affiliates, 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.

The alt beta funds may be divided into different classes of shares in order to reflect different priorities in redemption (and/or liquidation) and different fee obligations. Alt beta funds are charged a monthly management fee from 0.75% to 1.0% per annum of the net asset value of the relevant class of shares. The management fee is charged in arrears.

Certain classes of shares in the alt beta funds will be subject to a performance based fee up to 10% of the net profits of the alt beta funds, subject to a "hurdle rate" of 5% per annum. The alt beta funds may issue additional classes of shares from time to time on the same or different terms from existing classes. The alt beta funds may assess a higher or lower management fee or performance fee, or waive such fees, for certain shareholders.

The alt beta funds are responsible for the fees and salaries of their directors, who may also be employees of IIA LLC and its affiliates. Incidental income, such as directors' fees, that IIA LLC receives in connection with its management of the alt beta funds and certain funds of funds (other than income received from the funds) may be passed through to such funds. IIA LLC's affiliates may provide investment banking and management consulting activities in connection with the securities in which the alt beta funds invest and may receive fees in connection with such activities.

IIAL, an SEC registered investment adviser and affiliate of 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 IIA LLC and IIAL. The aggregate amount of such fees paid by the Funds will not increase as a result of IIAL performing some of the investment management services. The investment

advisory agreements with the Funds are terminable by each Fund based on the termination provisions in the respective agreement.

Partners, officers, employees and affiliates of IIA LLC may be permitted to invest in the funds of funds, single manager funds and alt beta funds advised by IIA LLC without incurring any management, performance or administration fees. Affiliates of IIA LLC 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 on a case-by-case basis 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. Please see Item 12, "Brokerage Practices" for a discussion of IIA LLC's brokerage practices in connection with the Funds. For complete details about the fees incurred by the Funds and expenses that may be allocated to the Funds, please see the offering documents of the Funds.

#### Side Letters

With respect to the alt beta funds, funds of funds and single manager funds, IIA LLC, or an affiliate of IIA LLC, 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 a "side letter." Pursuant to the side letter the shareholder may receive, among other benefits, a payment (or rebate) out of any fees earned by IIA LLC 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 for a customized portfolio may be negotiated on a case-by-case basis. Such fees may differ from the fees charged to other Funds and will typically include a management fee and a performance-based incentive fee.

Management fees, performance-based incentive fees and administrative fees payable by investors in the alt beta funds, single manager funds and funds 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 fees 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 Item 5, “Fees and Compensation” above, IIA LLC has entered into performance fee arrangements with certain Funds. Such fees are subject to individualized negotiation with each such Fund. IIA LLC will structure any performance or incentive fee arrangement that is subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring the Funds' assets for the calculation of performance-based fees, IIA LLC shall include realized and unrealized capital gains and losses.

Employees of IIA LLC's affiliates may participate in executive compensation programs that are linked to the performance of certain Funds.

Performance-based fee arrangements may create an incentive for IIA LLC to make investments which may be riskier or more speculative than those which would be made 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. Certain classes of shares in the alt beta funds and Funds established for employees of IIA LLC and its affiliates do not pay performance-based fees. IIA LLC 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.

A Fund may have similar investment objectives and strategies as other Funds (“Similar Funds”). IIA LLC and its officers, directors, employees and affiliates may serve as the investment manager to other client accounts and may invest for their own proprietary accounts or the accounts of family members. Such other clients and accounts (collectively with the Similar Funds, the “Other Clients”) may co-invest with the Funds in many of the same securities and investments. IIA LLC and its officers, directors, employees and affiliates may give advice or take action with respect to the Other Clients that differ from the advice given or action taken with respect to the Funds. IIA LLC's and its affiliates'

transactions for the Other Accounts may be on terms different than those offered to the Funds. The investment results of a Fund may be different from the investment results of the Other Accounts. With respect to the alt beta funds, the Other Clients may invest in the master funds in the structure on terms different than those available to the alt beta feeder funds.

IIA LLC and its principals, directors, officers, employees and affiliates may have conflicts of interest in allocating time and activities between the Funds and the Other Clients, in allocating investment opportunities among the Funds and the Other Clients, and in effecting transactions between the Funds and the Other Clients, including ones in which IIA LLC, or its principals, directors, officers, employees or affiliates, may have a greater financial interest.

## **Item 7 – Types of Clients**

We provide investment advice to pooled investment vehicles or investment vehicles dedicated to an individual institutional investor. Persons or entities that are solicited to participate in onshore private investment vehicles, and U.S. persons solicited to invest in offshore private investment vehicles, must be “qualified purchasers” and generally are not themselves our clients. Solicitation of non-U.S. persons or entities will be conducted pursuant to applicable law, as further described in the Funds’ offering or subscription documents.

### Requirements for Opening or Maintaining Accounts

Funds require a minimum investment depending on the class of interests in the relevant Fund. The typical minimum initial investment in an IIA LLC single manager fund or fund of funds ranges from \$500,000 to \$5 million. The minimum initial investment in a customized portfolio or structured product is typically \$50 million. The minimum initial investment in an alt beta fund is typically \$1 million.

The offering documents for each specific Fund contain detailed information concerning the relevant minimum initial and additional investment requirements. Certain Funds may waive investment requirements, including the minimum investment amount, for certain investors.

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

## Customized Portfolios and Funds of Funds

Once investment parameters have been specified for a customized portfolio or a fund of funds (i.e., risk/return, investment styles, fund structures, transparency, liquidity preferences, etc.), IIA LLC 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 scored based upon the results of comprehensive in-house operational and investment due diligence meetings. The investment team then chooses 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 strategy’s 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.

IIA LLC invests in accordance with the investment parameters that have been established for each fund of funds and customized portfolio, which may include, where appropriate, the following investment strategies:

- Macro Discretionary

- Macro Systematic
- Distressed Credit
- Corporate Restructurings
- Event Driven
- Convertible Arbitrage
- Equity Market Neutral
- Fixed Income/Relative Value
- CMBS
- Long/Short Equities
- Portfolio Insurance

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, but is not limited to:

- 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 their configuration.

### Single Manager Funds

For single manager funds, while IIA LLC has discretionary authority, IIA LLC has delegated day-to-day investment advisory responsibility to the Single Manager 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 IIA LLC. Investments, made through "managed accounts," but offered to investors in a fund structure, benefit from Investcorp's stable capital base and operational oversight and investment risk monitoring. Currently available investment strategies include Convertible Arbitrage, Global Macro Fixed Income, Fundamental Value, and Structured Credit.

### Alternative Beta Funds

The alt beta funds seek to access the returns of alternative beta and traditional beta risk premiums primarily through exposure to indexes. Each index is designed to provide exposure to targeted investment criteria in one or more asset classes, and IIA LLC or its affiliate, IIAL, will allocate across these exposures in the portfolio construction process.

The portfolio construction process generally includes the following steps:

- (1) Introduction of an index into the portfolio following research and due diligence regarding its construction and performance characteristics.
- (2) Construction of the portfolio using a risk-budgeted portfolio optimization process based on historically observed market volatilities and correlations, investment views from bottom-up and top-down fundamental strategy analysis, and risk management constraints and guidelines.
- (3) Diagnostic checks designed to assess whether the underlying exposure concentrations are controlled across the multiple indexes in the portfolio, and to determine if position limits may be appropriate. These diagnostic checks are also designed to evaluate whether the portfolio is consistent with guidelines designed to maintain diversification by industry, geography, style, or issue.

The alt beta funds seek to achieve their investment objectives by investing primarily in an actively managed portfolio of swap agreements.

The offering documents for each specific Fund contain detailed information concerning the Funds' methods of analysis and material risks.

### **Conflicts of Interest Related to the Management of the Funds**

The officers and employees of IIA LLC, and its affiliates, who play key roles in managing a Fund may spend a significant portion of their time on matters other than, or only tangentially related to, the Funds. Conflicts of interest may arise in allocating their time and resources between the Funds and their other undertakings.

As stated in Item 5, "Fees and Compensation" and Item 6, "Performance-Based Fees and Side-By-Side Management," IIA LLC and its affiliates may receive performance compensation from the Funds. These fees may cause IIA LLC and its affiliates and employees to make investments that are more speculative than they would otherwise make in the absence of such compensation.

As discussed in Item 6, "Performance-Based Fees and Side-by-Side Management," a Fund may have investment objectives and strategies that are similar to those of other Funds. In addition, IIA LLC's affiliates and clients of such affiliates may have investment objectives that are similar to one or more of the Funds. As a result, IIA LLC and its affiliates may face conflicts of interest in allocating investment opportunities. In such cases, IIA LLC and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable accounts under the circumstances. Please see Item 6 for additional information.

IIA LLC's affiliates may make loans to or invest in the Funds or the companies in which the Funds invest. Significant investment by IIA LLC's affiliates in the Funds may operate to align, to some extent, the interests of IIA LLC and its affiliates with the interests of the investors in the Funds, although IIA LLC and its affiliates have other economic interests which may compete with their Fund investments. IIA LLC's affiliates may dispose of an investment in the Funds prior to investors exiting their investment, without making such exit opportunity available to investors. IIA LLC's affiliates' interests in such transactions may differ from investors' interests at the time. IIA LLC's affiliates will take their own interests into account in establishing or negotiating the terms of any such financing. Employees of IIA LLC and its affiliates may serve on the boards of directors of certain Funds. As a result of such affiliations, the selection of IIA LLC and its affiliates as investment advisers or other services providers, and the fees payable to IIA LLC and its affiliates, were



not determined or negotiated at arm's length. Directors may be a party to, or otherwise interested in, transactions in which the Funds have an interest.

IIA LLC and its affiliates have relationships with third-party service providers and financial institutions that may provide services or lend money to the Funds. To the extent IIA LLC or its affiliates receive rebates or special benefits with respect to investments where both the Funds and IIA LLC's affiliates are investors, IIA LLC and its affiliates will attempt to allocate such rebates and rights fairly; however, there can be no assurance that such allocation would be the same as the Funds could have negotiated at arms length.

The alt beta funds are organized in a master-feeder structure. Other funds sponsored or managed by IIA LLC or its affiliates, including other feeder funds in the structure, may invest all or a portion of their assets in a master fund on different terms or conditions than those applicable to a particular feeder fund. The members of the board of directors of a master fund may be the same as the members of the board of directors of one or more of its feeder funds.

Although the administrators of the Funds typically will be responsible for valuing the Funds' portfolios, IIA LLC or its affiliates may be involved in the process. Because IIA LLC is paid based on the Fund's net asset value, IIA LLC and its affiliates' involvement regarding valuation may present a potential conflict of interest.

To the extent that the employees of IIA LLC or its affiliates receive gifts, meals and/or entertainment from a service provider, such employees may have an incentive to seek to cause IIA LLC or its affiliates and/or one or more of the Funds to enter into or continue a business relationship with such service provider, even if doing so is not in the best interests of the Funds.

### **Risk of Loss**

Investing in the Funds involves risk of loss that investors should be prepared to bear. This document does not purport to be a complete disclosure of all risks that may be relevant to a decision to invest in the Funds. Prospective investors must rely upon their own examination of, and ability to understand, the nature of their investment, including the risks involved, in making a decision to invest. There can be no assurance that the Funds will be able to achieve their investment objectives or that investors will receive a return of their capital. In addition, IIA LLC and its affiliates may encounter potential conflicts of interest, some of which are summarized herein.

**No Assurance of Investment Return.** The success of the Funds largely depends on the ability of IIA LLC and its affiliates to identify suitable investments. IIA LLC may not be able to execute the Funds' investment objectives or generate returns to investors commensurate with the risks of investing in the types of transactions described herein. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment. Past performance of IIA LLC is not necessarily indicative of future results, and investment results may vary substantially over time. There can be no assurance that the Funds will be successful in attaining attractive returns. Through human error, oversight or operational weaknesses, mistakes could occur in executing the Funds' investment strategies which could lead to significant trading losses. A Fund may be required to bear losses resulting from trading errors and similar human errors.

**General Economic Conditions, Political and Regulatory Risks, and Catastrophic Events.** The success of the Funds' activities may be affected by general economic and market conditions, such as market and other trends, interest rates, availability of credit, volatility, inflation rates, economic uncertainty, national and international political circumstances and other factors. In addition, the Funds' investments may be adversely affected by political developments and catastrophic and other force majeure events such as fire, earthquake, terrorist attacks and other similar events. Legal, tax, and regulatory changes also may adversely affect the PE Funds.

**Reliance on Key Personnel.** Investors will have no opportunity to participate in the day-to-day operations, including investment and disposition decisions, of the Funds. The success of the Funds will significantly depend upon the skill and expertise of IIA LLC's and its affiliates' investment professionals. Such professionals may not continue to be associated with IIA LLC or its affiliates throughout the term of a Fund, and any departure or resignation of any key professionals could have an adverse impact on the performance of a Fund.

**Reliance on Third-Party Managers.** With respect to certain Funds, the management team of a third-party manager is responsible for the day-to-day management of the Fund's investments. Such management team may not produce the expected results or may not remain with the third-party manager.

**Diverse Investor Base.** The Funds' investors may have conflicting investment, tax, and other interests with respect to investments. In selecting and structuring investments appropriate for the Funds, the investment and tax objectives of the Funds and their respective investors as a whole will be considered, not the investment, tax or other objectives of any particular investor individually.

**Recourse to Fund Assets; Indemnification.** A Fund's assets, including any investment made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. Such obligations include a Fund's obligation to indemnify IIA LLC, its affiliates and others for liabilities incurred in connection with the affairs of the Fund. Recourse to a Fund's assets could have an adverse impact on the interests of investors. A Fund's obligation to indemnify IIA LLC and its affiliates may limit investors' rights against such parties and may cause the Funds to pay considerable sums to such parties.

**Hedging Risks; Intermediary Risks.** In order to reduce the risk of adverse movements in currency exchange rates and the securities prices of its investments, certain Funds may employ hedging techniques through the purchase of swaps, derivatives and other similar instruments. There can be no guarantee that suitable hedging instruments will be available at the time when a Fund wishes to use them. Additionally, in the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be achieved and the Fund may be exposed to a risk of loss. Certain of the Funds' hedging transactions may be undertaken through brokers, banks or other organizations and the Funds will be subject to risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Funds will have any recourse in the event of default. The collection, transfer and deposit of bearer instruments and cash expose the Funds to a variety of risks, including theft, loss and destruction.

**Side Letters.** As discussed in Item 5, "Fees and Compensation," the Funds may enter into one or more side letters or similar agreements with certain investors pursuant to which the investor receives specific rights, benefits or privileges that are not made available to investors generally. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the Fund for the right to review such agreements.

**Restrictions on Transfer and Withdrawal.** Interests in the Funds have not been registered under the Securities Act of 1933 or any other applicable securities law. Investors generally may not sell, transfer, or pledge their interests except with the consent of the Fund's management, which may be withheld in its sole discretion. Additional limitations on transferability may also exist. No public market for the Funds' shares exists and none is expected to develop.

**Illiquid Investments.** The Funds may invest in securities that are highly illiquid or which are subject to restrictions on transfer. The sale of any such investments may be possible only at substantial discounts, if at all, and such investments may be extremely difficult to

value. Dispositions of investments may require a lengthy time period or may result in distributions in kind. Some of the dispositions could be in securities for which there is no readily available market.

**Limited Number of Investments.** The Funds may participate in a limited number of investments and, as a result, the performance of the Funds may be significantly adversely affected by the unfavorable performance of any single investment. Additionally, in order for a Fund to achieve attractive returns when at least one investment is likely to underperform, one or more of its other investments must perform well above expectations to avoid a loss by the Fund on its investments in the aggregate. There can be no assurance that this will be the case.

**Leverage.** The alt beta funds' use of swaps will have the economic effect of using financial leverage. Financial leverage reflected in such an investment magnifies exposure to the swings in prices of an asset class underlying such investment and results in increased volatility.

In addition, the companies in which a Fund invests may have some leverage. Investments in securities of leveraged companies involve a high degree of risk. In general, highly leveraged companies are inherently more sensitive to declines in revenues and to increases in expenses as well as any rise in interest rates. There can be no assurance that these companies will generate sufficient cash necessary to service its debt obligations. In the event that a company does not generate adequate cash flow to service its debt obligations, the Fund may suffer a partial or total loss of invested capital.

**Non-Controlling Investments.** The Funds may hold non-controlling interests in companies and, therefore, may have a limited ability to protect their positions in such companies. It is primarily the responsibility of company management to operate the company on a day-to-day basis. Such management may not produce the expected results or may not remain with the companies.

**Risks Upon Disposition of Investments.** In connection with the disposition of an investment, a Fund may be required to make representations about the business and financial affairs of the portfolio investment typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by investors.

**Follow-On Investments.** The companies in which a Fund invests may require additional funding or may offer the opportunity to increase investment in such companies. A Fund's third-party managers may use proceeds from an investment they are managing to fund additional investments in another investment they are managing on behalf of the Fund.

**Interest Rate Risk.** Certain Fund investments may be subject to interest rate risk. While such Funds may seek to hedge such risks using derivative instruments or other arrangements, there is no assurance that such measures, even if implemented, will be effective.

**Currency Risk.** Certain Funds' assets may be invested in securities denominated in non-U.S. currencies. Such investments are subject to the risk that changes in currency exchange rates will negatively affect the dollar value of the Funds' assets. The Funds may attempt to hedge such risks, but there can be no assurance that the hedging strategies will be implemented or effective.

**Bankruptcy of Portfolio Companies.** A Fund may invest in companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state, and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Fund. There is also a risk that a court may subordinate a Fund's investment to other creditors or require the Fund to return amounts previously paid to it by a company that subsequently became insolvent or files for bankruptcy.

**Risk of Loss related to Master-Feeder Structures.** Some of the Funds, e.g., alt beta funds, generally invest through a "master-feeder" structure. The "master-feeder" fund structure creates certain risks for investors that are unique to such a structure. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund. If a larger feeder fund redeems from the master fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. The master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. The master fund is a single entity, and creditors of the master fund may enforce claims against all assets of the master fund. Certain conflicts of interest may exist due to different tax considerations applicable to the feeder funds. The feeder funds may be subject to expenses directly and indirectly, through the master fund. Thus, Funds in a master-feeder structure, including the alt beta funds, may be subject to a higher expense/equity ratio than other Funds that do not have a master-feeder structure.

**Portfolio Valuation.** Valuation of the Funds' securities and other investments (which will indirectly determine the amount of the management fees and the performance fees payable by the Funds) may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, investors could be adversely affected. Certain investments may be difficult to value and may be subject to varying interpretations of value.

**No Restrictions on Investment Strategies.** There are no limits imposed on the types of securities, assets, or other instruments in which the alt beta funds may take positions, the types of positions, the investment or trading strategies, the funds' ability to borrow or use other types of leverage or the concentration of the funds' investments.

**Possible Adverse Effect of Redemptions.** IIA LLC's trading strategies could be disrupted by redemptions of a large number of shares from the alt beta funds. Large redemptions could require IIA LLC to liquidate positions prematurely, resulting in losses. The alt beta funds may pay redemption proceeds, in whole or in part, in kind out of assets of the alt beta fund.

**Restrictions and Limitations on Redemptions.** The alt beta funds generally have the right to suspend or reduce redemptions of shares scheduled for a given redemption date under certain circumstances, as outlined in the offering memorandum. If the alt beta funds limit the redemption of shares and an investor is not able to redeem its shares when originally requested, the value of the investor's shares will continue to be subject to market risk and expenses, including management fees, until the redemption is permitted.

**Compulsory Redemptions.** The alt beta funds may, for any reason with or without cause, compulsorily redeem shares of any shareholder (in whole or in part) or require the shareholder to transfer the shares.

**Limited Operating History.** The alt beta funds are newly formed entities and do not have any operating history which a potential investor could evaluate in deciding whether to invest in the funds.

**Investment of New Capital.** The alt beta funds may receive substantial additional investable capital from time to time. The alt beta funds cannot predict what effect, if any, such increase in capital will have on the alt beta funds' performance or trading strategies. No assurance can be given that any changes in IIA LLC's strategies in response to the increased funds that it manages will be successful. The alt beta funds may not be able to appropriately invest any such new capital for a significant period of time.

**Institutional, Counterparty and Custody Risk.** The institutions, including brokerage firms and banks, with which the alt beta funds do business, or to which investments have been entrusted for custodial purposes, may encounter financial difficulties that could impair the funds' operational capabilities and/or expose them to loss of capital. Some jurisdictions in which the alt beta funds may hold assets with institutions do not require the segregation of the funds' and other customers' assets from the other assets of the institution. The alt beta funds may effect their transactions in over-the-counter or interdealer markets in which the participants are not typically subject to credit evaluation or regulatory oversight. This exposes the alt beta funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions, thus causing the funds' to incur loss. The alt beta funds will seek to transact business with multiple counterparties in order to mitigate counterparty risk. The alt beta funds are not restricted from dealing with any particular counterparty or from concentrating their transactions with one counterparty. Moreover, the alt beta funds have no internal credit function which evaluates the creditworthiness of their counterparties.

**Portfolio Turnover.** In general, IIA LLC will trade the alt beta investments without regard to their applicable holding periods to pursue the funds' investment objectives. Higher portfolio turnover involves additional expenses, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of investments and reinvestment in other investments.

**Swap Agreements.** The alt beta funds use of swap agreements may not be successful in furthering the funds' investment objectives, as IIA LLC may not accurately predict whether certain types of investments are likely to produce greater returns than other investments. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the funds.

**Option Transactions.** The alt beta funds may purchase or sell various "put" and "call" options, and other derivative securities. The use of options involves a high degree of embedded leverage, which can involve greater market risk, especially when not used to hedge the underlying security or instrument. The premium paid at the time an option is purchased will reduce any profit the alt beta funds might have realized had it purchased or sold the underlying security or other instrument instead of purchasing the put or call option.

**Margin Borrowing.** If an alt beta fund uses margin and the assets pledged to brokers to secure the fund's margin borrowings decline in value, the fund could be subject to "margin calls," pursuant to which the fund must either deposit additional funds with such brokers

or suffer mandatory close-out of the margin borrowings, including liquidation of some or all of the pledged assets to compensate for such decline in value. In the event of a sudden precipitous drop in the value of the fund's assets, the fund might not be able to liquidate assets quickly enough to pay off its margin borrowings and the sale of assets under such circumstances would adversely impact the value of the fund's assets.

**Short Sales.** Although short sales will not be a primary aspect of the alt beta funds' strategy, such funds may seek to hedge investments through short sales. With short sales, the market risk is unlimited in that the increase in the market price of the asset sold short is unlimited.

**Future Contracts.** The alt beta funds may invest in futures contracts. Exchanges on which futures are traded may have the right to suspend or limit trading in the commodities they list. Such a suspension or limitation could prevent the alt beta funds from liquidating their positions and thereby expose those funds to losses. In addition, exchange and other secondary markets may not always remain liquid enough to close out existing futures positions. Futures exchanges may limit fluctuations in futures contract prices during a single day, which could prevent the alt beta funds from promptly liquidating positions in futures or commodity options. To the extent that such positions are unhedged, such occurrences could subject the alt beta funds to losses.

**Forward Trading.** The alt beta funds may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized. Forward and "cash" trading is substantially unregulated. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. The imposition of controls by governmental authorities might also limit such forward (and futures) trading, to the possible detriment of the alt beta funds. Market illiquidity or disruption could result in major losses to the alt beta funds.

**Non-U.S. Securities.** The instruments in which the alt beta funds invest are expected to provide exposure to the returns of non-U.S. issuers. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated or quoted in non-U.S. currencies may pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes or dividends, interest, capital gains or other income, limitations on the removal of funds or other assets, political or social instability, illiquidity, price volatility, market manipulation, less government regulation and supervision, increased transaction costs, and settlement risk. Less information may be available regarding non-U.S. issuers and such issuers may not be



subject to accounting, auditing and financial reporting standards comparable to those in the U.S. In addition, the alt beta funds might have greater difficulty taking appropriate legal action in non-U.S. courts.

**Emerging Markets.** The alt beta funds may invest in derivative instruments or other assets involving exposure to emerging markets. In emerging markets, political or economic instability may be more likely to occur. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalization or other confiscation, could result in loss to the Funds. In addition, settlement, clearing and registration procedures may be under developed enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

**Market Analysis Limitations.** Access to current/new market information is needed to provide an accurate market analysis. IIA LLC has no control over the dissemination rate of market information; therefore, unbeknownst to IIA LLC, certain analyses may be compiled with outdated market information, severely limiting the value of IIA LLC's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

## **Item 9 – Disciplinary Information**

IIA LLC is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IIA LLC or the integrity of IIA LLC's management. Neither IIA LLC 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**

IIA LLC is registered as a commodity pool operator with the Commodity Futures Trading Commission and is a member of the National Futures Association in such capacity. IIA LLC acts as a commodity pool operator with respect to the alt beta funds.

IIA LLC has arrangements that are material to its advisory business or the Funds with the following related persons:

Investcorp Bank B.S.C. ("Investcorp") is the parent company of Investcorp S.A. ("S.A."), which is the parent company of Investcorp International Holdings Inc. ("IIHI"). IIA LLC is 100% directly owned by IIHI. Investcorp has a wholesale banking license issued by the Central Bank of Bahrain ("CBB") and Investcorp and IIA LLC (by virtue of being an indirect subsidiary of Investcorp) are regulated by the CBB. Investcorp is authorized in Bahrain to advise clients on the relative merits of investing in Investcorp products and to 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 Investcorp provide support services to IIA LLC. Investcorp serves as placement agent with respect to non-U.S. investors for one or more of the Funds. Investcorp also provides administrator services to certain non-U.S. investors that prefer to hold their shares in the offshore alt beta funds through a nominee.

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 administrator or manager for several offshore special purpose vehicles ("SPVs") used by IIA LLC or an affiliate to facilitate the allocation of assets by funds of funds to third-party investment managers. IIA LLC 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 may be compensated for its role with respect to certain SPVs.

Investcorp Investment Advisers Limited ("IIAL") is 100% directly owned by S.A. IIAL is incorporated in the Cayman Islands and has its offices in Bahrain. IIAL is registered as a mutual fund administrator and company manager with the Cayman Islands Monetary Authority and is authorized to provide investment advice. IIAL is registered in the U.S. as an investment adviser with the SEC. Pursuant to various agreements between IIA LLC, IIAL, and the Funds, IIAL 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 IIA LLC and IIAL. 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% directly owned by IIHI, the parent company of which is S.A. NAILLC has its offices in New York and is a FINRA member and an SEC registered broker-dealer. Certain management persons of the Firm are registered representatives of NAILLC. NAILLC 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% directly owned by Investcorp International Limited, the parent company of which is S.A. ISL is incorporated in England and has its office in London and is regulated by the UK Financial Services Authority. ISL provides certain research and support services to one or more of the Funds.

Investcorp Saudi Arabia Financial Investments Co. ("ISAFI") is directly and indirectly owned by Investcorp; Investcorp directly owns 96% of ISAFI, and four Investcorp subsidiaries each own 1%. ISAFI is a Saudi Arabian entity, has its office in the Kingdom of Saudi Arabia, and is licensed by the Saudi Arabian Capital Market Authority. ISAFI serves as placement agent within the Kingdom of Saudi Arabia for one or more of the Funds.

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

### 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 establish "best practices" standards to ensure that our Supervised Persons, as that term is defined in the Advisers Act, place the interests of our investors above their own personal interests.

The Code includes provisions relating to the following principles:

- As a registered investment adviser, IIA LLC has a fiduciary relationship with its clients. Therefore, all Supervised Persons must carry out their duties solely in the best interests of clients and free from all personal compromising influences and loyalties.

- IIA LLC's operations are governed by the Advisers Act and the rules and regulations that the SEC has promulgated thereunder. 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 client, or an actual or potential investment of a client, for the Supervised Person's own benefit. Nor may he/she divulge information about clients or potential or actual investments of clients to any person except as expressly authorized by the client or as necessary to perform his/her duties on behalf of the Firm. Supervised Persons are expected to be knowledgeable about the Firm's privacy policy and to adhere to same.
- To the extent that a Supervised Person advises IIA LLC's clients, the Supervised Person must act with prudence and make sure his/her investment decisions for clients have a reasonable and adequate basis. Prior to taking action on behalf of clients, such Supervised Persons must analyze the investment opportunities in question and only take actions that are consistent with the stated objectives and constraints of the client. Neither IIA LLC nor any Supervised Person may favor the interests of one IIA LLC client over another. Although it may not be possible to treat each client identically in every single transaction, on the whole, no client or group of clients should be disadvantaged to benefit any other client or group of clients.
- No Supervised Person may directly or indirectly agree to share in the profits earned or losses incurred in any client'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 Firm renders or any trading or investment strategy the Firm 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 Firm or any other Investcorp affiliated entity. This prohibition also does not apply to ordinary and usual business entertainment hosted by IIA LLC or any other Investcorp affiliated entity, so long as such entertainment is neither so frequent nor so extensive as to raise any question of propriety. Supervised Persons must report to the Firm's Compliance Department all gifts made or received in excess of \$100.
- Supervised Persons must not lend or borrow money, securities or commodities to or from a client.
- Except as expressly authorized by the Firm, 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 Firm or a client. 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 Firm or a client.

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 the Firm's advisory business. Consequently, our Supervised Persons 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, Supervised Persons 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 Supervised Persons to conduct our affairs solely in the best interests of the Firm 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 Supervised Person may permit a business decision to be influenced by personal or other unrelated interests or factors.

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 Supervised Persons may from time to time serve as members of the boards of public and non-public companies. Such Supervised Persons must obtain the approval of our Compliance Department prior to accepting such role.

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

### Personal Trading

Our Code of Ethics addresses the personal trading activities of our Supervised Persons. Specifically, it requires Supervised Persons to report their personal securities holdings and transactions to the Firm's Compliance Department. Our Supervised Persons 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 U.S. limited offering, the Compliance Department will review the proposal to see if a client is considering a transaction in the same limited offering and if so whether the Supervised Person's proposed transaction interferes with the client's transaction. The Supervised Person's proposed investment is also reviewed to confirm it is not on terms more favorable than the terms of the client's investment.

#### Participation or Interest in Client Transactions

It is IIA LLC's policy that the Firm will not effect any agency cross securities transactions for Fund accounts.

IIA LLC's affiliates, from time to time, may in the aggregate maintain ownership interests of more than 25% of a Fund managed by IIA LLC. Principal transactions may occur where IIA LLC 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, IIA LLC will disclose to an authorized representative of the Fund in writing before the completion of the transaction, the capacity in which IIA LLC is acting, and will obtain the consent of that Fund's representative to such transaction.

Certain senior executives of Investcorp comprise an investment council of IIA LLC (the "Investment Council"), which is responsible for final approval of investment decisions made by IIA LLC for the Funds. 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 Advisers Act. These Investment Council members are also senior executives of affiliates of IIA LLC, and thus, a potential conflict of interest exists. IIA LLC has procedures designed and implemented to mitigate this potential conflict and ensure that all Funds are treated fairly and equally. For example, IIA LLC 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**

In the funds of funds, customized portfolios and structured products, IIA LLC, and its affiliates, focus on private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer are not customarily retained.

Although IIA LLC, and its affiliates, do not intend to engage in public securities transactions with respect to these funds, to the extent they do so, IIA LLC, and its affiliates, will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, IIA LLC, and its affiliates, may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

IIA LLC does not receive research or other products or services other than execution from a broker-dealer or a third-party in connection with securities transactions related to the management of the fund of funds, single manager funds, customized portfolios or structured products.

#### Alt beta Funds

IIA LLC may bunch or aggregate orders for the alt beta funds with orders for other Fund clients or the accounts of IIA LLC's affiliates or each of their directors, officers or employees.

IIA LLC seeks to select broker-dealers to execute portfolio transactions for the alt beta funds on the basis of best price and execution capability and may consider a variety of factors, such as price, the ability of the brokers-dealers to effect the transaction, the broker-dealers' facilities, capital introduction services, reliability and financial responsibility, and research services provided to IIA LLC. While IIA LLC generally seeks reasonably competitive commission rates, the alt beta funds do not necessarily pay the lowest commission or mark-up.

The research products or services IIA LLC receives from broker-dealers that effect portfolio transactions for the alt beta funds (which are sometimes called "soft-dollar services") may include research reports on particular industries and companies, economic surveys and analyses. IIA LLC may cause the alt beta funds to pay higher commissions than those charged by other broker-dealers in return for research services. IIA LLC may use such services for the benefit of all Funds, not just those Funds whose commissions paid for them, and IIA LLC does not seek to allocate soft-dollar benefits to Funds in proportion to the commissions the Funds generate. While the receipt of research in connection with the alt beta funds' portfolio transactions benefits clients by enabling IIA LLC to make more informed investment decisions, such arrangements might also be seen to benefit IIA LLC because IIA LLC does not have to produce or pay for such research. For this reason, IIA LLC may have an incentive to select or recommend a broker-dealer based on its interests instead of those of clients.

In order to protect the alt beta funds' interests, IIA LLC has adopted policies and procedures designed to ensure that its soft-dollar practices qualify for the safe harbor established under Section 28(e) of the Securities Exchange Act of 1934. In this regard, the Firm takes steps to confirm that client commissions are used only for services that provide lawful and appropriate assistance in carrying out the Firm's investment decision-making responsibilities. Where a product or service obtained with soft dollars provides both research and non-research assistance to IIA LLC, IIA LLC reasonably allocates the cost of the service, so that IIA LLC uses portfolio commissions to pay for the portion that assists in the investment decision making process and IIA LLC uses its own funds to pay for the portion that provides other assistance.. In addition, IIA LLC periodically reviews the soft-dollar products and services it receives to confirm their continued usefulness in making or implementing investment decisions for the alt beta funds. Research-related products and services may be paid for either with commission dollars or directly by IIA LLC. The amount of any such direct payments may be charged to the alternative beta funds.

### **Item 13 – Review of Accounts**

IIA LLC and its affiliate, IIAL, 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). IIA LLC's investment team, which includes the 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 Investcorp constitute an Investment Council which is generally responsible for final approval of investment recommendations made by IIA LLC and its affiliates, for the funds of funds, single manager funds and alt beta funds.

IIA LLC and its affiliate, IIAL, may provide periodic and special written reports to certain Funds upon request. Investors in the Funds will receive written reports with respect to their investments on at least a semi-annual basis. In addition, annual audited financial statements are sent to investors in the Funds, as applicable. IIA LLC or IIAL may also provide various other reports and information to investors upon request.



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

Other than the compensation discussed in Item 5, “Fees and Compensation” above, IIA LLC does not have any oral or written arrangements where it receives any economic benefits for providing investment advice or other advisory services to the Funds.

Neither IIA LLC nor its related persons compensate any person that is not one of IIA LLC’s supervised persons for client referrals.

## **Item 15 – Custody**

IIA LLC is deemed to have custody of the funds and securities of certain Funds IIA LLC provides investment management services to.

IIA LLC complies 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:

- either prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) (for U.S. Funds and certain offshore Funds) or international accounting standards (for certain offshore Funds); and
- audited by an independent public accountant.

Investors/participants in the Funds should carefully review such financial statements.

## **Item 16 – Investment Discretion**

In IIA LLC’s capacity as investment manager to the Funds, IIA LLC has discretionary authority over the Funds’ funds and securities. IIA LLC typically has 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.

IIA LLC exercises its discretionary authority in accordance with the investment objectives and strategies described in the Funds' offering and organizational documents. Customized portfolios may impose investment restrictions and risk guidelines on the type and quantity of securities in which the customized portfolios invest.

IIA LLC is granted discretionary authority pursuant to the operating agreement of a Fund or through a separate agreement.

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

Because the nature of IIA LLC's business is to select other managers to manage assets of the single manager funds, funds of funds, structured products and customized portfolios, it is a matter of policy and practice that IIA LLC will not engage in proxy voting for such 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 Managers. With respect to Funds structured as single manager funds, the proxy voting responsibility is that of the Single Manager.

For alt beta funds, IIA LLC or its affiliate, IIAL, is responsible for the exercise of voting rights for any security held by such funds. The Firm votes proxies consistent with its proxy voting policies and procedures, which are designed to ensure the Firm votes proxies in the best interests of its clients. The alt beta funds may request that proxies relating to their portfolio securities be voted in a specific manner, provided that such requests are submitted in writing to the Firm at least 60 days prior to the voting deadline.

In the event a proxy vote raises a potential conflict of interest for the Firm, the Firm will either disclose the potential conflict to the client and obtain the client's consent to the Firm's vote recommendation, or will seek advice from and follow the recommendation of an independent third party on the issue.

A copy of IIA LLC's proxy voting policies and procedures, and information on how IIA LLC voted client securities, will be furnished upon request to any such client by contacting Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com).

### **Item 18 – Financial Information**

IIA LLC is required in this Item to provide certain financial information or disclosures about its financial condition. IIA LLC has no financial commitment that impairs its ability to

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meet contractual and fiduciary commitments to Funds, and has not been the subject of a bankruptcy proceeding.