

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Soteira Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 949.387.8150 and/or [dclark@soteiracapital.net](mailto:dclark@soteiracapital.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Soteira Capital, LLC also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Soteira Capital, LLC is registered with the SEC. Such registration does not imply a certain level of skill or training.

## Item 2 Material Changes

Soteira Capital offers its investment strategy (described in Item 4 below) both through the Huntress Fund L.P. as well as separately managed accounts.

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#### Item 4 Advisory Business

Soteira Capital was formed July 2010 as a Delaware Limited Liability Company with its main office in Irvine, California. Soteira Capital is wholly owned by Soteira Investors, LLC and is not publicly held. Soteira Capital has no intermediate subsidiaries.

Soteira Capital employs a highly experienced investment management team with each member of management having at least 20 years of investment experience. Soteira Capital management team has extensive experience managing equity strategies. Soteira Capital was formed and is based on recognizing such opportunity in the marketplace to finance insurance through the use of options to minimize risk while also providing potential enhanced returns.

Soteira Capital implements a long equity with option combinations consisting of long and short options combined with long volatility instruments. Combinations result in a net credit with short options generating income and long options seeking to manage risk. Strikes are dynamically selected based off of risk/return ratio. Portfolios are actively managed to mitigate market sensitivity. The combined options strategy seeks to produce absolute returns.

Soteira Capital's trading methodology is based off of risk/return ratio to produce returns from opportunistic put/call ratio(s) and investing in dividend securities.

Soteira Capital offers its Investment Strategy through the Huntress L.P. and through separately managed accounts.

Soteira Capital has discretion over the implementation of the Investment Strategy in Client accounts but has no discretion with respect to other actions in a Client's separately managed account.

Soteira Capital does not participate in a wrap fee program. Fees and compensation are discussed in Item 5 following.

As of December 2015, Soteira Capital has discretionary management over \$250M+ fund and client assets. Soteira Capital does not manage any client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

Huntress Fund L.P. will pay to Soteira Capital, its General Partner, a quarterly account fee on assets invested equal to the sum of (i) a quarterly fee of 0.08% of the assets in the fund for that quarter (representing 1.0% per annum) (“Management Fee”) plus (ii) a quarterly performance fee as of the last day of each quarter equal to 20% of the monthly realized gain in the fund, limited to new profits after adjustments for additions to and withdrawals from the fund (“Incentive Fee” or “Quarterly Performance Fee”).

Separately Managed Account Clients have the option to pay Soteira Capital a monthly account fee on assets invested in the Program equal to either:

- A) the sum of (i) a monthly fee of 0.08% of the assets in the Program for that trading cycle (representing 1.0% per annum) (“Management Fee”) plus (ii) a monthly performance fee as of the last day of each trading cycle equal to 20% of the monthly realized gain in the client’s account, limited to new profits after adjustments for additions to and withdrawals from the client’s account (“Incentive Fee” or “Monthly Performance Fee”), or
- B) a monthly performance fee as of the last day of each trading cycle equal to a negotiated percentage of the monthly realized gain in the client’s account, limited to new profits after adjustments for additions to and withdrawals from the client’s account (“Incentive Fee” or “Monthly Performance Fee”).

Separately managed account Soteira Capital monthly account fees are due as of the last business day of each trading cycle (ten days after each month end.) For separately managed accounts, the fees are automatically deducted.

Soteira Capital, nor any supervised person(s) of Soteira Capital, does not offer nor accept any compensation other than what is set forth. Soteira Capital does not offer advice nor investment products other than the Investment Strategy on a fee or non-compensated basis.

In addition to the fees set forth above paid to Soteira Capital, the Huntress Fund L.P. and clients with separately managed accounts will also incur execution costs with respect to the options purchased and sold and equity transactions. Such fees are assessed and paid at the time the options are purchased/sold. Such fees do not benefit Soteira Capital.



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

As described in Item 5, in addition to the quarterly Management fee, Huntress Fund L.P. will pay to Soteira Capital a quarterly performance fee equal to 20% of the quarterly realized gain in the client's account, limited to new profits after adjustments for additions to and withdrawals from the client's account ("Incentive Fee" or "Quarterly Performance Fee"). Such fees are the same for all Clients and hence there is no conflict of interest based on fees with respect to management of the various client accounts.

Separately managed account clients will pay to Soteira Capital either:

- A) a monthly performance fee as of the last day of each trading cycle equal to 20% of the monthly realized gain in the client's account, limited to new profits after adjustments for additions to and withdrawals from the client's account ("Incentive Fee" or "Monthly Performance Fee") in addition to the monthly Management fee or
- B) a monthly performance fee as of the last day of each trading cycle equal to a negotiated percentage of the monthly realized gain in the client's account, limited to new profits after adjustments for additions to and withdrawals from the client's account ("Incentive Fee" or "Monthly Performance Fee") with no monthly Management fee.

Such fees are the same for all Clients and hence there is no conflict of interest based on fees with respect to management of the various client accounts.





## Item 7 Types of Clients

Soteira Capital offers its Investment Strategy to investment companies, pooled investment vehicles, pension and profit sharing plans, high net wealth individuals, private foundations and charitable organizations.

The minimum amount for participation in the Investment Strategy is \$100,000. Additional participation in the Program will be in increments of \$50,000. Clients may wholly or partially withdraw from participation in the Investment Strategy upon 30 days written notice.



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

The Investment Strategy implemented by Soteira Capital entails the purchase and sell of large cap on the individual equities, ETFs combined with short call, call spreads and long put and put spreads on individual equities.

Investment transactions will be made in accordance with an ongoing fundamental, top down analysis of the overall market and technical analyses and monitoring of price and momentum trends, carefully delineated support and resistance levels, and relative strength considerations.

Huntress deploys a disciplined approach to harvest dividends from large market securities by employing the use of equity options to enhance dividend income and to provide a definitive hedge. Huntress takes measures of risk/reward ratios into consideration for every transaction.

Huntress holding period is typically twenty calendar days or less. The equity holdings will be diversified in several industry sectors. Individual positions are paired to a maximum negative thirty basis points exposure.

Soteira Capital may, in its sole discretion, based on its view of the current environment, terminate, close and effect a new option transaction at a different strike price during a given investment cycle, execute a new investment transaction that extends the duration, or close certain investment transactions prior to their specified termination.

In implementing the Investment Strategy, Soteira Capital will balance every option written by Soteira Capital on any index with a corresponding purchase of an option having a different strike price. Soteira Capital may effect investment transactions on different indices for the Investment Strategy during the same option cycle. Since all options outstanding at any time will be balanced with a corresponding purchase of an option having a different strike price, exposure to pricing changes on each option position will generally be limited. Simultaneously, Soteira Capital may also purchase a volatility instrument to counter the effect on the option spreads.

When placing trades for the same security for various Client accounts, Soteira Capital may aggregate the trades into one order ("aggregate trade"). Such aggregate trades are intended to be allocated (together with related expenses and costs) on a pro rata basis to participating Clients.

Due to the risk of potential loss, the Program is not suitable as a client's sole or primary investment. Therefore, clients in the Program should ensure that (i) the assets in the client's account represent only a portion of the client's total investment assets and (ii) the client can withstand the risk of potential loss.

## Item 9 Disciplinary Information

Neither Soteira Capital nor any of its management has had any criminal, administrative nor self-regulatory organization proceedings in the past, pending or threatened.

With respect to civil proceedings pending or threatened, there have been none against Soteira Capital, Rod Turner nor Dr. Nowell. In September 27, 2001, Mr. Clark (then employed by J.P. Morgan), was named as a co-defendant in a class action civil lawsuit seeking damages of \$100M. Upon arbitration, the suit was settled for \$1.65M paid by JP Morgan (Mr. Clark did not and was not required to participate in the payment of the settlement). Also in September 2001, Mr. Clark was named in a complaint where client alleged losses of \$180,079 ("9/11" losses). Mr. Clark did not manage the funds from which the alleged losses arose. The complaint was settled by JP Morgan (Mr. Clark's then employer) for \$75,000 and agreement that the complaint be expunged.

The items noted above are in no way related to the option investment strategy employed by Soteira Capital.



Item 10            Other Financial Industry Activities and Affiliations

Neither Soteira Capital nor any of its management are or plan to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operating, commodity trading advisor, nor associated person of the foregoing.

Neither Soteira Capital nor any of its management have a relationship which may cause a conflict of interest for clients with any broker-dealer, municipal securities dealer, or government securities dealer or broker; investment company or other pooled investment vehicle; other investment advisor or financial planner, futures commissions merchant, commodity pool operator, or commodity trading advisor; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships.

Soteira Capital does not select or recommend other investment advisors to clients.





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

Soteira Capital has adopted a Code of Ethics pursuant to SEC Rule 204A-1 setting forth the standard of professional and ethical requirements expected of the Firm's directors, officers and employees. The Firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

The Investment Strategy employed by Soteira Capital is based upon broad based indices and hence are no conflicts of interest with respect to recommendation of securities to which Soteira Capital or a related person of Soteira Capital may have an interest (direct or indirectly).

Soteira Capital management and/or any employee may invest his/her personal funds employing the same strategy as is implemented and recommended to clients in the management member/employee's own separately managed account. However, employees must get written approval from the Chief Compliance Officer before trading in their own personal accounts as outlined in the employee handbook.



## Item 12 Brokerage Practices

Soteira Capital prefers that all separately managed account client funds under management be deposited with Interactive Brokers. Soteira Capital does not benefit from the use of any particular broker-dealer for execution of the Investment Strategy in a client account. Preference is based on transaction costs assessed and history of executing the Investment Strategy with those firms.

However, Soteira Capital is capable of administering the Investment Strategy through the Client's existing custodial accounts. Soteira Capital and the Clients acknowledge that clients may pay higher execution costs than those obtainable from other broker-dealers.



### Item 13 Review of Accounts

The firm employs investment decisions upon review by its investment team which is comprised of Derek Clark, Rod Turner, and Dr. Arthur Nowell. Each member of the committee is well versed and has over 20 years of experience in the various aspects to be considered in implementing the strategy; investments, options, accounting and risk.

Account performance in the Investment Strategy for each separately managed accounts are reviewed on a daily basis.

Soteira Capital will provide clients with a monthly statement which recaps the implementation of the Investment Strategy in the client's account. Such statement shall be provided upon the close of each investment cycle.



#### Item 14 Client Referrals and Other Compensation

Soteira Capital may enter into agreements with independent investment advisors, securities brokers and other persons to act as solicitors for the Clients in the Program, under which such persons will receive fees for referral of clients to Soteira Capital. Soteira Capital will endeavor to follow the requirements of Rule 206(4)-3 under the Investment Advisors Act of 1940, including taking steps to require that the Clients and investors received written disclosure statement of any referral fees paid with respect to any solicitor or other person in connection with their investment in the Investment Strategy. Clients will not pay more in fees as a result of Soteira Capital's payment of any referral fees in connection with client's opening an account in the Investment Strategy.





#### Item 15 Custody

Soteira Capital does not have custody of client funds or securities. However, Soteira Capital will provide clients a recap of the implementation of the Investment Strategy for their behalf upon the close of each investment cycle. In addition, the custodian where the client assets are held are expected to send statements directly to their clients with respect to their own separately managed account account(s) through which the Investment Strategy is implemented. Clients are urged to carefully compare the separate statements.



## Item 16 Investment Discretion

As the General Partner, Soteira Capital has the discretionary authority over managed assets to effectuate the Investment Strategy; i.e., the purpose for purchasing and selling equities, options and/or hedging instruments.

Soteira Capital's separately managed account clients grant discretionary authority over their separately managed account to effectuate the Investment Strategy; i.e., the purpose for purchasing and selling equities, options and/or hedging instruments.



Item 17 Voting *Client* Securities

Soteira Capital will not have authority to vote client securities.



Item 18 Financial Information

Soteira Capital does not solicit prepayment of client's fees, nor is it granted discretionary authority over distribution of client funds or security, nor has custody of client funds or securities.

Neither Soteira Capital nor any of its management has been the subject of a bankruptcy petition at any time.





## Item 19 Requirements for State-Registered Advisers

Soteira Capital has three principals: Derek Clark, Rod Turner, and Dr. Arthur Nowell.

Mr. Clark has extensive experience in managing option strategies. Prior to Soteira Capital, Mr. Clark was the CEO of Themis Asset Management which managed option related yield strategies for more than \$2 billion of client assets. He was also the CIO of Cogent Offshore Fund, a vehicle managing a similar strategy for foreign investors. Mr. Clark created and was the chief investment officer for an insurance dedicated offshore fund for American International Group and Sun America Financial Group. He was previously a global managing director at Deutsche Bank and has in excess of 20 years in the securities industry. He studied economics and business at Whitworth College.

Rod Turner's specialty is risk management and the optimization of non-linear priced functions. His mathematical and statistical background is extensive. In addition to his quantitative skills, Rod has broad functional experience across many industries from his prior work at Accenture Consulting. Rod holds an MBA degree from Cornell University and a Bachelor of Science degree in Engineering from Stanford University.

Dr. Nowell is Dean Emeritus at the University of Washington where he served as Dean for 14 years. His activities focused on organizational accountability and values-derived performance. As the responsible officer for personnel, compliance, finance and academic affairs, he oversaw 800 staff and an operating budget of \$100M per year. Previously, he served as President and CEO of a 17 nation consortium for ocean drilling and served on the board for 19 years. He has chaired and directed nationally established performance and compliance studies of 15 organizations and as well as federally requested studies of government management and operations in federal-state and private partnerships. He is an international consultant on maritime prediction, marine security and piracy. He holds masters degrees from the University of Cambridge, England and UBC, Canada as well as a doctoral degree in fluvial dynamics. He serves on the boards of three non-profits.

The principals are not otherwise engaged in any businesses which create a conflict of interest with Soteira Capital or its clients, nor require a significant amount of time.

The principals are compensated based upon overall performance of the firm and not with respect to performance in any one Client's account.

None of the principals nor any other member of management has been involved in an award or found liable for investment or an investment-related business activity; fraud false statements or omissions; theft, embezzlement or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair or unethical practices.