

**ITEM 1  
COVER PAGE**

---

**PART 2A OF FORM ADV: FIRM BROCHURE**



**PENSO ADVISORS, LLC**

March 29, 2018

---

Penso Advisors, LLC

780 Third Avenue, 12<sup>th</sup> Floor  
New York, New York 10017

Tel: 212.688.8800

Fax: 212.688.8809

Website: [www.penso.com](http://www.penso.com)

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF PENSO ADVISORS, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 212.688.8800 OR [LWAXMAN@PENSO.COM](mailto:LWAXMAN@PENSO.COM). THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT PENSO ADVISORS, LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).

REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR NOTICE FILING WITH ANY STATE SECURITIES AUTHORITY DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

**ITEM 2**  
**MATERIAL CHANGES**

There are no material changes to the prior version of this brochure (the “Brochure”) of Penso Advisors, LLC that was filed on March 31, 2017.

**ITEM 3**  
**TABLE OF CONTENTS**

ITEM 1: COVER PAGE .....	1
ITEM 2: MATERIAL CHANGES .....	2
ITEM 3: TABLE OF CONTENTS .....	3
ITEM 4: ADVISORY BUSINESS.....	4
ITEM 5: FEES AND COMPENSATION .....	7
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	9
ITEM 7: TYPES OF CLIENTS .....	10
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	11
ITEM 9: DISCIPLINARY INFORMATION .....	15
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	16
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	17
ITEM 12: BROKERAGE PRACTICES.....	18
ITEM 13: REVIEW OF ACCOUNTS.....	21
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	22
ITEM 15: CUSTODY .....	23
ITEM 16: INVESTMENT DISCRETION .....	24
ITEM 17: VOTING CLIENT SECURITIES .....	25
ITEM 18: FINANCIAL INFORMATION .....	26

## **ITEM 4**

### **ADVISORY BUSINESS**

Penso Advisors, LLC (“Penso Advisors” or “we”) is a Delaware limited liability company with offices in New York, New York and Cedarhurst, New York. Penso Advisors was founded in February, 2010 and its principal owners are Ari Bergmann, Penso Manager, LLC, Penso Partners, LLC and BHUS Holdings LLC. Penso Manager, LLC and Penso Partners, LLC are owned by two of Mr. Bergmann’s family trusts, and BHUS Holdings LLC is an affiliate of Brevan Howard Capital Management Limited.

Penso Advisors is focused on systemic risk management and derivatives advisory, structuring and trading and the implementation of high convexity strategies including both on the left tail (hedging overlays) and on the right tail (global macro special opportunities) for its clients. Currently, the three strategies we utilize are Negative Correlated Alpha Strategy (NCA), Global Macro Strategy (GMO) and Risk Dislocation Opportunities (“RDO”) (the “Strategies” and each, a “Strategy”).

The NCA Strategy is a derivatives based, bespoke risk mitigation solution whose goal is to produce highly convex payouts during volatile environments with substantial equity drawdown events (attachment points). NCA employs an alpha based approach and a dynamic monetization strategy in order to maintain a low drag during benign, low volatility, risk on environments. The strategy aims to have a positive expected value over a full market cycle excluding the attachment point events. NCA trades in what Penso believes to be non-obvious hedging and negatively correlated trade opportunities in liquid markets and mispriced correlations in all relevant asset classes (such as equities, FX, rates, credit and commodities). The NCA Strategy will use proprietary quantitative models to seek to optimize the level and cost of direct equity protection.

The GMO Strategy is a discretionary global macro strategy whose goal is to exploit compelling mispriced opportunities on a convex basis in a risk controlled manner. This Strategy uses a quantitative (combining quantitative and fundamental analysis) approach to identify asymmetric trade opportunities in all relevant asset classes including equities, fx, rates, credit and commodities in all geographies, but mostly G10 and liquid Emerging Market countries. Penso’s views are typically expressed using creative derivatives structures in order to control downside risks and to seek to extract the desired convexity.

The RDO Strategy is a negative correlated discretionary macro strategy that combines both a fundamental and quantitative modeling driven approach to benefit, on a convex basis, from a potential multi-asset class risk re-pricing and normalization of volatilities. The RDO Strategy is an opportunistic, total return strategy which is managed assuming a three year horizon. The Strategy aims to maintain a low downside risk tolerance by employing a strict risk control methodology by means of creative limited downside structures and pre-determined stop losses, while targeting a convex return as risk premia and volatility reprice. Portfolio construction

typically target convex, uncorrelated and negative correlated macro trade opportunities in liquid markets globally (such as Rates, Credit, FX, Equities & Commodities).

Each of NCA, GMO and RDO predominantly trade in listed and OTC derivative instruments.

Investors may invest either through managed accounts or private funds, as they desire. The managed account structure (“Managed Accounts”) is used for investors who want to implement a Strategy on their own proprietary trading infrastructure or as part of a separate account established in conjunction with such investor and Penso Advisors. The private fund structure, based on fund vehicles sponsored by Penso Advisors (“Penso Private Funds”) has two forms depending on the preferences of the investor (i) underlying investors (single or in a group) invest in a fund-of-one vehicle in which they each have their own, separate, ring-fenced fund or entity maintained on a third-party infrastructure platform, including the use of a separate cell (a “Cell”) as part of a segregated portfolio company (“SPC”) or (ii) underlying investors invest in a comingled hedge fund (a “Comingled Fund”). Mandates in all of Penso’s vehicles other than the Comingled Fund are implemented and managed on a bespoke basis. As of the date of this brochure, Penso Advisors’ clients consist of Managed Accounts and the Penso Private Funds (“Clients”).

To date, Penso Advisors’ Managed Account Clients and underlying investors in the Penso Private Fund Clients, have included institutional money managers such as hedge funds, funds of hedge funds, private equity funds, global insurance companies, state and private pension plans, endowments, foundations, family offices, and other institutional investors.

A Client or an underlying investor will first choose which Strategy it wishes to employ and then it can invest in or establish the advisory relationship in the most suitable structure offered by Penso Advisors. With respect to the bespoke structures, namely all Clients other than the Comingled Fund, mandates are designed and tailored to address the particular exposures identified in the Client’s portfolios, including through specific investment guidelines that are set forth in the appropriate investment advisory or management agreement. The terms of the relationship with the Client, or its underlying investors, as applicable are typically detailed in (i) with respect to a Managed Account, an investment advisory or consulting agreement with Penso Advisors, or (ii) with respect to the Private Funds, a private placement memorandum or other offering document (“PPM”), and further, with respect to each Cell in an SPC vehicle, the PPM is then customized by an Explanatory Memorandum (or an appropriate supplement) and Investment Management Agreement with each respective fund (or Cell, as applicable).

An underlying investor in any of the Penso Private Funds may enter into a side letter in connection with such fund, in which the investor is granted certain further customized terms, some of which may be preferential, and which may include among other things additional representations, greater transparency, reduced fees and/or expenses and favorable withdrawal right. In addition, we may grant terms requested by investors to address certain regulatory or policy requirements unique to such investor.

Penso Advisors works with CIOs, CROs and trading teams of many of their Clients, or as applicable, their underlying investors on an ongoing basis to address all matters pertaining to macro/systemic risks, address specific issues and to review the progress of their Strategy and investment. Certain of the Penso Advisors' Client relationships are managed on a non-discretionary basis which may be based on various conditions, namely the account may or may not trade any proposed transactions and/or proposed trades may be made only by the Client directly, or trades may be made by Penso Advisors as investment manager after the Client's authorization prior to each advised transaction.

Penso Advisors does not participate in wrap fees programs.

As of December 31, 2017, Penso Advisors provides advice either directly or as a sub-adviser with respect to approximately \$918,667,000 of regulatory client assets pursuant to specified investment guidelines, of which approximately \$508,267,000 of such assets for which Penso Advisors has discretionary trading responsibility and approximately \$410,400,000 for such assets for which Penso Advisors has non-discretionary trading responsibility.

## **ITEM 5**

### **FEES AND COMPENSATION**

Penso Advisors uses different fee structures depending on the nature of the relationship with the Client, the term of the relationship and the size and nature of the assets of the portfolio for which advice is provided. Such fees typically include a management fee which is either a fixed fee or a fee based on a percentage of assets under management and/or an incentive or performance fee based on appreciation of net asset value (often subject to a high watermark).

Fee schedules are not disclosed because Penso Advisors does not utilize standardized fee terms as fees are determined on a client-by-client basis, except with respect to fees for the Commingled Fund which are contained in such Client's PPM. Moreover, fee schedules are not necessary to be disclosed as we only have qualified purchasers.

With respect to Managed Accounts, the fee structure is contained in such Client's respective investment advisory agreement or consulting agreement, as applicable. Penso Advisors invoices its Clients for fixed fees on a periodic basis as agreed (i.e., monthly or quarterly), and invoices for performance-based fees on a quarter-end or year-end basis.

With respect to investors in any Penso Private Fund, the fee structure is contained in the PPM (or other offering document) for the Private Fund, and specifically, with respect to any Cell of an SPC, in each fund's Explanatory Memorandum (or other supplement) to the PPM and its Investment Management Agreement (or similar trading management agreement) with Penso Advisors. In addition, Clients on a third-party, service provider platform, including the Penso Private Funds, may be charged a separate fee by such service provider, none of which is paid to Penso Advisors.

The Penso Private Funds' administrator calculates the management fee and once approved by Penso Advisors, instructs the management fee to be sent to Penso. Penso Private Funds' administrator also calculates the performance-based compensation. Once Penso Advisors approves the administrator's performance-based compensation calculation, the administrator allocates the performance compensation to an account of Penso Advisors or its affiliate.

In general, investors investing in the any Penso Private Fund will pay any or all of (i) directors' fees (ii) management fees, generally calculated as a percentage of the net asset value of the shares (iii) performance (or incentive) fees, generally calculated as a percentage of net appreciation of the shares with a high watermark (iv) platform manager fee, generally calculated as an annual fee equal to a percentage per annum of the net asset value of the class of shares for such fund and (v) administration fee calculated monthly in advance and payable to the administrator in addition to reimbursement of out of pocket expenses incurred by or on behalf of the fund.

Unless otherwise agreed, each fund, directly or indirectly, also will pay out of its assets all of its ordinary and extraordinary expenses which, depending on the nature of the fund as well as the specific services to be provided by the platform manager, may include, but are not limited to, (i)

organizational expenses, (ii) legal, accounting, auditing, tax, market data, valuation, insurance (including directors and officers liability insurance), printing, computer, postage and similar fees and expenses, (iii) fees and expenses of a fund's administrator, the custodian(s), any sub-administrator(s), sub-custodian(s), independent directors, general partners, managing members and other service providers, (iv) trade processing and reconciliation fees and expenses, collateral management fees and expenses and any other middle-office expenses, (v) agreed out-of-pocket expenses incurred by the platform manager, the administrator and other service providers attributable to the services provided to the funds, including, without limitation, insurance costs and certain out-of-pocket expenses related to regulatory compliance (for example, expenses associated with the preparation of regulatory filings), (vi) fees and expenses incurred with respect to the periodic review and, if appropriate, modification of offering and governing documents, (vii) interest, commitment and other fees in connection with borrowings, (viii) transaction-related expenses, including brokerage fees and custody charges, (ix) research and due diligence related expenses, including related consulting fees, travel, background investigations on investment managers or proposed investment managers, subscriptions, databases, legal fees, fees for data processing, data aggregation and risk reporting, (x) extraordinary expenses (e.g., litigation costs, liquidation-related expenses (including any fees charged by a liquidation agent) and indemnification obligations) that a fund may incur, and (xi) any other expenses related to the fund's ongoing operations. Each Client's PPM, Explanatory Memorandum and/or investment management or investment advisory agreement, as applicable provides a summary of expenses that may be charged to such Client.

For all Clients and individual Cells, except with respect to investors in the Commingled Fund, fees and other terms of the investment are negotiated separately. These terms are found in the investment advisory agreement, investment management agreement, Explanatory Memorandum, or any other negotiated agreement, as applicable, with such Client. For investors in our Commingled Fund, management fees are 1% or X and performance fees are 20% or 30% depending on the Class and such fees are generally not negotiable. However we have the discretion to waive or modify the application of any provision in the investment terms applicable to an investor in a "side letter" or any other manner, generally without the consent of other investors. We have on occasion entered into side letter arrangements with certain investors in the Commingled Fund in which we grant them preferential terms. These terms may include, among other things, reduced fees and/or expenses, favorable withdrawal rights or transparency rights.

Currently, Penso Advisors does not require or seek prepayment of its fees.

Penso Advisors does not charge Clients any other fees or expenses with respect to its services.

Neither Penso Advisors nor any of our principals or employees receives any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5 above, Penso Advisors may use a performance-based fee structure for certain of its client relationships. The performance fee for our Managed Accounts, if any, are separately negotiated. Some of our Clients are charged another type of fee, such as a flat fee or an asset-based management fee, separate from or in addition to a performance fee. The performance fee for a Client Cell in the SPC structure is also separately negotiated and contained in each such Client's Explanatory Memorandum (or other supplement) to the PPM and Investment Management Agreement (or other trading management agreement). The performance fee for the Commingled Fund Client is set forth in such Client's PPM.

The use of performance-based fees could create incentives for riskier trading positions. The existence of different fee structures and terms may also create potential conflicts of interest or favoritism toward certain Clients; however, because the fee structures and terms are separately negotiated, except with respect to the Commingled Fund, the Clients may address any such concerns through their own specific terms as part of the investment advisory, consulting or management agreement. Additionally, since each Client or underlying investor chooses the strategy that they would like to employ and may choose the type of vehicle they believe is most suitable for their investment, either through a Managed Account, Cell or through a Commingled Fund, the Clients are better able to tailor their investment to suit their needs.

Penso Advisors and its investment personnel provide investment management for multiple Clients. When managing more than one Client account, a potential exists for one Client to be favored over another Client. Furthermore, certain investors in the Commingled Fund are affiliated, either directly or indirectly, with Penso Advisors. We and our investment personnel may have a greater incentive to favor Clients in which such affiliated investors have invested. We have adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investments to ensure the fair allocation of trading opportunities among Clients, initially in the selection of investment ideas across the different Strategies and then allocation of trades among Clients within each strategy, as applicable. See Item 8: Methods of Analysis, Investment Strategies and Risk of Loss and Item 12: Brokerage Practices, for a detailed explanation of this process among our Clients.

## **ITEM 7**

### **TYPES OF CLIENTS**

Penso Advisors generally provides investment consulting or advisory services to hedge funds, funds of hedge funds, private equity funds, global insurance companies, private and state pension plans, endowments, foundations, family offices and other large institutional investors. Penso Advisors provides its services to its Clients or their underlying investors through fund-of-one structures including either Managed Accounts or a Cell in the SPC structure or through a Commingled Fund as determined by the underlying investors. The investment structures may be implemented either through the Clients' own proprietary infrastructure or a third party service provider infrastructure platform (including, where applicable, a cell within a segregated portfolio company).

Investors in our Commingled Fund have a stated minimum investment requirement for either \$50 million or \$20 million, depending on the class. Nevertheless, the Fund has discretion to, and may accept subscriptions for a lesser amount, as described in the Fund's PPM.

Otherwise, in accordance with its model of bespoke mandates, Penso Advisors generally limits its client base strictly to sophisticated money managers and institutional investors generally with at least \$3 billion in assets under management or such other threshold as long as there is a logistic framework in place that allows for the implementation of risk overlays in managed account or private fund (fund-of-one) structures.

This firm brochure is not an offer to invest in our funds.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Penso Advisors currently utilizes three investment Strategies, Global Macro Strategy (GMO) a Negative Correlated Alpha Strategy (NCA) and a Risk Dislocation Opportunity Strategy (RDO). Also see Item 4, Advisory Business. In managing our Clients' accounts we typically use both fundamental and quantitative analysis to identify investment opportunities that would fit within the themes of each of the strategies.

GMO is an uncorrelated discretionary macro strategy whose goal is to take advantage of asymmetric opportunities in global macro trends in a risk controlled manner.

NCA is a bespoke risk mitigation solution using a discretionary macro approach designed to help institutional investors deal with systemic risks in their portfolios.

RDO is an opportunistic negative correlated macro fund whose goal is to take advantage of a potential multi-asset class risk repricing and volatility normalization in global markets.

All of the current three strategies are managed by the same team. Our investment professionals, consisting of principals, traders and analysts perform primary research to select investments for our Clients that we believe are appropriate for each Client within its selected Strategy. Once an idea or a theme is developed, the Investment Committee, currently consisting of the Principal and Trader will determine its relative conviction in each theme, in accordance with each Client's relative risk allocation, if applicable. Also see Item 13, Review of Accounts.

The following is a general categorization of the types of trades predominantly deployed across the different strategies. In its investment analysis, generally, and in the sole discretion of the investment manager Penso Advisors will consider the following types of trades for its Strategies:

- Negative Correlation:- relates to macro directional trades with negative correlation to risk with what we believe is positive convexity. These trades have a shorter tenor (ie up to 2 years) and are evaluated for inclusion in all three strategy mandates. If such trades are included in the NCA and RDO strategies, they would be typically structured to achieve the highest convexity in a risk repricing event. If they are included in the GMO strategy, they would be typically structured to maximize profit probabilities at lower multiples. Trades can be proactive or reactive in nature to markets or events. Proactive risk mitigation trades are often included in the NCA strategy and many times in the RDO strategy. If our research indicates that these trades have a low expectation of actually materializing, Penso may choose not include them in the RDO Strategy which is an opportunistic strategy.
- Positive Correlation: relates to macro trades with positive correlation to the markets. These trades are typically only included in GMO strategies.

- Equity Hedging: relates to direct equity hedging trades utilizing model driven signals and creative derivatives restructuring to benefit from equity repricing. These trades are typically included in the NCA strategy mandate. RDO may participate in such trades opportunistically.
- Structural: relates to longer-dated (i.e. 1-5 years) risk repricing trades. These trades typically have positive or low carry volatility and term premia spreads and are usually only included in the NCA and RDO strategy. However, an opportunistic catalyst may cause us to evaluate such trades for inclusion in the GMO strategy. Some proactive risk mitigation trades may also be considered structural trades.

Each trade and the selection of investments is considered independently for each Strategy as appropriate to pursue the Strategy's intended goal. Nevertheless, there will be occasions where a trade idea or theme will be appropriate for and included in more than one Strategy. In such instance, the Investment Committee will consider the appropriate investment parameters for mandates for each Strategy in a "bottoms up" determination. Such parameters, including investment selection, expression of a theme and sizing and are decided on a strategy-by-strategy basis.

Generally, in the best interest of the participating Clients, Penso will then place the buy or sell order with the counterparty as a single (block) order among all of the Clients in the Strategies that participate in such trade. The allocation of such trade for Clients within each Strategy will be made in accordance with Penso's Allocation Policies. See Item 12, Brokerage Practices.

The strategies and types of instruments employed by Penso Advisors are speculative in nature and entail a high degree of risk, including the risk of loss of some or all of an investment. There can be no assurance that the strategy employed will be profitable or hedge the identified risks or achieve any other investment objectives.

Derivative instruments, or "derivatives," include futures, forwards, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose investors to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to

close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the funds contract for the purpose of making derivative investments. In the event of the counterparty's default, the investors generally will only rank as an unsecured creditor and thus risk the loss of all or a portion of the amounts they are contractually entitled to receive.

Penso's Clients are primarily invested in listed and over the counter derivatives. A significant portion of the assets of the Penso Private Fund Clients may be held in cash or cash equivalents, such as U.S. treasury bills or other such short-term investments as determined by Penso.

Despite our thorough research and analysis, investing in any derivatives or securities involves a risk of loss that any of our Clients or any of the investors in our Clients must be prepared to bear.

Certain risks associated with an investment by any Client we advise include:

- *Investment Judgment and Market Risk:* The success of our investment programs depends, in large part, on correctly evaluating future price movements of potential investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- *Investment and Trading Risk:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially exacerbate the impact of unfavorable price movements on our Clients' investments. Also, changes in the general level of interest rates may negatively affect our Clients' results.
- *Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of hedge funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the hedge fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our Clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our Clients' interests.
- *Disaster Recovery and Data Security.* In implementing investment strategies, Penso relies heavily on information technology and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of Penso's information

technology systems or data could have a material adverse impact on Clients and the operations of Penso. In addition, a breach in the security of Penso's systems could result in the theft, disclosure, or loss of investor, proprietary, and other sensitive information relating to a Client, which in turn could lead to litigation in which a Client could incur liability. Penso has in place information security, backup, and disaster recovery procedures intended to prevent or mitigate damage if such an event occurs. However, a breach could nevertheless occur, and such procedures could fail or be insufficient to avoid, mitigate, or remedy the breach. Moreover, the ever-changing methods and technologies used to obtain unauthorized access to systems through means such as third-party acts, computer error, malicious code, employee error, or malfeasance often are not known until used against a potential target. Therefore, Penso may be unable to anticipate the destructive or invasive methods and technologies that could be used against its systems or to implement adequate protections.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of the Penso Advisors' advisory business or the integrity of the Penso Advisors' management.

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

Penso Advisors and its management are not registered, and do not have any application pending to register, as broker-dealers, futures commission merchants, or an associated person of the foregoing entities.

Penso Advisors is currently registered as a Commodity Trading Advisor with the National Futures Association. Penso Advisors is also currently registered as a Commodity Pool Operator.

Members of Penso Advisors are members of the general partner to certain hedge fund Clients formed as limited partnerships. RDO GP LLC, an affiliate of Penso Advisors serves as the general partner of funds in the Commingled Fund structure. We address this potential conflict of interest by fully disclosing the relationship among us, the general partner and applicable funds in the funds' offering document. Additionally, the general partner and funds within the Commingled Fund structure have a majority of independent directors.

None of the compensation, liquidity or other standard terms of the Commingled Fund is negotiated at arm's length. However, we disclose to prospective investors the terms of all of our fees and performance-based compensation, as well as other terms of an investment in detail in the PPM relating to such Client.



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

Code of Ethics

We have adopted a code of ethics (“Code of Ethics”) which is designed to foster compliance with the applicable federal statutes and regulatory requirements, prevent circumstances that may lead to or give the appearance of conflicts of interest with Clients, insider trading or unethical business conduct, as well as to promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by our employees.

Generally, no employee may personally trade or own any security (with the exception of certain securities such as U.S. government obligations, cash equivalents, money market funds, ETFs, ETNs and open-end mutual funds) without the prior written approval of the Chief Compliance Officer. The approval process for any proposed personal trading takes into account the sources for which the personal trade is based, the trading positions executed or proposed for Penso Advisors’ Client transactions, the industry of Penso Advisors’ Clients, Penso Advisors’ trading strategies in general, and the impact such personal trades may have on the marketplace. Personal trading that is inconsistent with the positions recommended or executed for Client transactions generally is discouraged although it is not prohibited. Any personal trading that is approved may not occur unless offered first to Clients where such trades would be appropriate for the Clients to the extent such personal trading could have a material effect on the Client’s positions or the marketplace in general.

The Code of Ethics also requires employees to 1) provide copies of all relevant personal account statements on a monthly basis, 2) file annual personal account disclosures and report securities holdings; and 3) certify their compliance with the Code of Ethics on an annual basis. The Chief Compliance Officer also conducts annual training with all Penso Advisors employees.

Restrictions Due to Insider Information

We forbid employees from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information (“inside information”) to others in violation of the federal securities laws. This conduct is frequently referred to as “insider trading”. We have designed and implemented policies and controls in order to monitor the flow of inside information as well as prevent trading on the basis of inside information.

Penso Advisors will provide a copy of the Code of Ethics to any Client or prospective client upon request.

## **ITEM 12**

### **BROKERAGE PRACTICES**

We have a duty to obtain best execution in effecting transactions on behalf of our clients. In selecting brokers or dealers to execute transactions, we are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission. In selecting the counterparties to execute a particular transaction, we use our best judgment in evaluating the terms of the transaction, and give consideration to various relevant factors, which generally will include: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the ability of the counterparty to make a market in such instrument; the responsiveness of such broker to us and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

We do not have any soft dollar arrangements from any of the broker-dealers or counterparties we transact with. We do subscribe to independent research firms whose business model is to provide economic analysis and research publications to institutional investors.

Penso Advisors routinely advises Clients that use similar strategies and have similar investment objectives, and thus Penso Advisors may purchase or sell the same security at or about the same time for two or more similar accounts. We generally consider similar accounts to be discretionary accounts investing in the same Strategy. In managing these similar accounts, Penso Advisors shall always treat each similar account in a manner that is fair and equitable in light of all relevant factors, including the relative net asset values ("NAVs") of the accounts taking into account the agreed risk levels of such account; additional considerations are particular variations among the accounts in terms of investment guidelines, specific strategies, leverage, objectives or related factors; the amount of the security available to be purchased or sold at the time in relation to the total amount of the security that Penso Advisors wishes to buy or sell for the similar accounts; the smallest efficient transaction size for each such account; and the relative need of each such account for an allocation of the purchase or sale. For accounts that are non-discretionary, we might not be able to execute recommended trades at the same time as the other accounts in the same Strategy, due to factors including: the requirement to receive authorization for trading, the use of different counterparties, investment restrictions and the specific program of each non-discretionary account. In addition, some discretionary accounts execute trades that we recommend on their own trading platform, or choose not to execute trades at the time that we recommend the trade or not to execute the trade at all.

Depending on these factors, Penso Advisors may, with respect to individual transactions over-allocate (in terms of the relative NAVs, taking into account the agreed risk levels of the similar accounts) the available amounts of the security that can be purchased or sold to one or more of the similar accounts, and thus under-allocate to one or more of the similar accounts (“Non-Pro Rata Allocations”). In the case of any Non-Pro Rata Allocation, Penso Advisors shall use its reasonable efforts, in subsequent transactions for the similar accounts that were involved, to compensate for the under-allocation, so that over time each of the similar accounts receives equal treatment with the other similar accounts over time. The Chief Compliance Officer will be notified and review accordingly any Non-Pro Rata Allocations and compensating allocations to ensure that similar accounts receive equal treatment over the course of the period reviewed.

If Penso Advisors purchases or sells the same instrument for similar accounts on the same trading platform, it is generally in the best interests of the similar accounts for the buy or sell order to be placed as a single (block) order. If similar accounts are not traded on the same platform and trades are executed with different dealers or brokers, Penso will execute the trade for each Client as ordered in a manner as consistent with each as reasonably possible.

If the aggregated order is filled only in part (a partial fill), Penso Advisors will allocate the fills pro rata to the participating accounts, unless Penso Advisors determines that a reasonably different allocation is in the best interests of the participating accounts, as specified above.

If the aggregated order is filled at different prices (a split price fill), Penso Advisors will allocate the fills so that all participating accounts receive approximately the same average price. If this is not possible with respect to a particular transaction, Penso Advisors will endeavor, through the allocation of the fills of a subsequent transaction, to ensure that no Client account consistently receives more favorable or less favorable treatment than any other Client account.

This allocation policy is implemented once the Investment Committee has decided on a trade idea and structure and allocation to each Strategy on a strategy-by-strategy basis. See Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.

If a trading strategy for a Client is inconsistent with a trading strategy for a different Client for which the execution of a trading position could influence or impact the positions of the other Client, a conflict of interest could arise in Penso Advisors’ best execution policy. The result could be that one Client is injured by the trading execution for another Client. Penso Advisors will not execute trades for one Client that knowingly result in an adverse impact to another Client without the express written consent of the potentially injured Client. If Penso Advisors anticipates executing any trade that would knowingly negatively impact another Client (either economically or otherwise), Penso Advisors will inform the potentially effected Client and disclose the nature of the trade and the potential impact of such execution, or otherwise not execute the trade. If a

determination is made not to execute the trade because of the knowing adverse impact on another Client (either because the potentially effected Client objects to the trade or because Penso Advisors determines it constitutes a conflict of interest), Penso Advisors will inform the Client for whom the trade was structured the reason for the decision not to execute the trading position. In order to avoid such potential conflicts of interest, Penso Advisors will address at the time of the execution of the appropriate advisory or management agreement with a new Client the nature of their trading strategy and consider and disclose whether any potential conflicts of interest may result from being retained by that Client. Generally, due to the nature of the instruments that we trade, with high volume and market liquidity, the risk is very low that one Client's trade will adversely negatively impact another Client.

To the extent that any Penso Advisors Client is or would become related to one of Penso Advisors' owners, such Client's account would be traded in accordance with the terms of its specific investment guidelines in order to avoid any potential or perceived conflict of interest. Any trading done for such a Client would be managed and traded as a similar account with respect to allocations, if applicable. However, if the investment guidelines differ, or the account is non-discretionary, Penso Advisors would follow the investment guidelines of such a Client.

### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Ari Bergmann, Penso Advisors' Managing Principal, serves as the main portfolio manager and the chief risk officer. In addition to reviewing all Clients' portfolio on a regular basis, Mr. Bergmann consults with his other senior portfolio manager and his investment team on a daily basis to review and monitor various risk metrics, exposures in the portfolios, capital at risk etc. Mr. Bergmann and the senior portfolio manager also serve on the firm's Investment Committee which is responsible for identifying and generating industry themes and macro trends, as well as structuring trades and overseeing capital allocation for the firm's Clients' portfolios. The Investment Committee discusses risk management with respect to the Clients' portfolios, and has the ultimate discretion to trade for certain of the Adviser's Clients. The Investment Committee's meetings are informal and occur in person, over telephone and through email correspondence. The Investment Committee meets on an as-needed basis and does not meet with any set frequency. In addition, the Chief Operating Officer and Chief Compliance Officer will periodically review the trade policies and procedures to ensure that it represents our current practices and (to the best of our reasonable knowledge and belief) is in conformity with applicable law and regulations.

Additionally, when an investment is made for more than one Strategy, the Investment Committee will informally review the trade in the context of each Strategy and each Client or underlying investor in such Strategy in the context of such Client or investors objectives and guidelines. See Item 8: Methods of Analysis, Investment Strategies and Risk of Loss. The Investment Committee will review, on a periodic basis, as necessary, all investments or trades that are made across more than one Strategy. Moreover, the identification of a trading error or other apparent irregularity may trigger a further review of Client accounts to ensure that the trading on the accounts was properly executed and documented. In the event of any such trading error, Penso Advisors will bear the cost of correcting such error and will maintain appropriate documentation of the corrective action.

Penso Advisors provides regular reporting (which may vary in the form of written or oral communications) of Client accounts and portfolios according to the terms and conditions of the investment advisory, investment management or consulting agreements or arrangements entered into with the Client. With respect to the Penso Private Funds, each fund's Administrator provides monthly reports reviewing the Fund's performance for such calendar month. Certain interim reporting of estimated performance may be available and/or certain additional transparency information may, in the discretion of the Investment Manager, be agreed to in side letters with such investors.

We provide investors in the Penso Private Funds with a balance sheet, a statement of net profits and losses and other audited financial statements within 90 days of the end of each fiscal year, or as soon as practicable thereafter.

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

Penso Advisors currently does not retain any solicitors for the referral of prospective clients, although it is possible that such arrangements may be engaged in the future.

.

## **ITEM 15**

### **CUSTODY**

Penso Advisors does not maintain physical custody of any Client assets.

With respect to the Commingled Fund that it manages, because Penso or related persons of Penso act as the general partner of such Client, Penso is deemed to have custody of the assets of such Client under SEC rules. Penso maintains the assets of such Client with qualified custodians, within the meaning of Rule 206(4)-2 under the Advisers Act. Reporting requirements under that rule are satisfied by subjecting such Client to an audit at least annually by an independent auditor that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board and furnishing audited financial statements annually to all investors in such Client within time periods required under the custody rule.

## **ITEM 16**

### **INVESTMENT DISCRETION**

Our investment advisory agreements vary from Client to Client with different levels of discretion. Some agreements contain language whereby the Client grants us broad discretionary power to manage the account. We adhere to the investment strategy, guidelines and risk parameters set forth in each account. Some agreements are non-discretionary or have different levels of discretion (i.e. requiring approval before entering trades, requiring the Client to be on the same communication as Penso Advisors when placing a trade, or providing that the Client executes their own trade that we propose). Any Client that is not fully-discretionary might not conduct the same trade at the same time as the other discretionary accounts in the similar Strategy. A conflict may arise where some Clients may obtain more favorable prices due to the difference in timing of the execution of trades. To address this conflict, each Client has their own terms and investment guidelines granting different levels of discretion. For discretionary Clients in the same strategy, the trades are generally executed pari-passu to the extent of the risk allocation (see Item 12- Brokerage Practices). For non-discretionary Clients, each trade is approved by or conducted with or by the Client itself.



## **ITEM 17**

### **VOTING CLIENT SECURITIES**

Any proxies or other solicitations will typically be sent directly to Clients or their Administrators from the custodians for such securities.

With respect to Managed Accounts, Penso Advisors does not vote securities on behalf of such Clients and generally will not accept such authority from these Clients. With respect to any Penso Private Fund, we have the authority to take corporate actions, however, since Penso rarely, if ever, trades single name securities for its Clients, the likelihood that Penso will receive a proxy is unlikely. If Penso received a proxy on behalf of a Penso Private Fund, Penso would determine on a case by case basis, if and how to vote such action and effect such vote or action with the assistance of the respective Fund's Administrator.

Upon request, our Penso Private Funds or any of the investors in such Clients can obtain (1) a copy of these proxy voting policies and procedures and (2) information concerning proxy votes, if any, on its behalf.

If we receive "class action" documents on behalf of a Penso Private Fund, we will coordinate with such Client's Administrator to determine eligibility to file a claim and, if applicable, ensure that the client either participates in, or opts out of, any class action settlements received. In the event we opt out of a class action settlement, we will maintain documentation of any cost/benefit analysis to support such decision. If we receive "class action" documents on behalf of a Managed Account, we will forward all relevant information to such Client's Administrator, if requested.

**ITEM 18**  
**FINANCIAL INFORMATION**

Penso Advisors does not have any financial condition reasonably likely to impair the firm's ability to meet contractual commitments to Clients and it has not previously been the subject of a bankruptcy petition.