



## ISPartners Investment Solutions AG

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### Form ADV Part 2A: Firm Brochure

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This Brochure provides information about the business practices of ISPartners Investment Solutions AG ("ISPartners"). If you have questions about the contents of this Brochure, contact us at + 41 43 888 7338 or [info@isp.capital](mailto:info@isp.capital). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or any state securities authority. Registration does not imply that ISPartners has attained a certain level of skill or training. Please visit the SEC's Investment Adviser Public Disclosure ("IAPD") for more information about us ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any fund. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum, related subscription materials or other governing legal documentation.

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**Item 2 Material Changes**

We last filed our Brochure with the SEC on 26 October 2016. This Brochure, current as of the date on the cover page, sets forth the following material changes since our last Brochure and since the last annual amendment to this Brochure:

- Effective 1 June 2016, Willi Leimer became a part-time employee of ISP.
- Effective 21 June 2016, Andreas Apitz resigned from our board of directors.
- Effective 21 June 2016, Johannes Suter, CEO of Helvetica Capital AG, joined our Board of Directors.
- Effective 1 July 2016, Mr Apitz reduced his shareholding in Crossbow from 5% to 4%.
- Effective 25 October 2016, we are no longer an investor of Helvetica Capital AG.
- Effective 1 December 2016, Mr. Leimer is no longer an employee of WM Partners.
- Effective 12 December 2016, Mr Leimer owns 12.96% of Helvetica Capital AG.

We have also updated our assets under management and the number of clients.

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## Item 4 Advisory Business

### Description of the Advisory Firm

ISPartners<sup>1</sup> is an investment management firm based in Zurich, Switzerland. We were founded in 2003 as a corporation under Swiss law. Our directors, as of the date of this Brochure, are Willi Leimer, Johannes Suter and Daniel A Wuersch. Dr. Leimer and Andreas Apitz are our owners. Mr Apitz is our Chief Executive Officer ("CEO"), Chief Risk Officer and Deputy Chief Compliance Officer.

We are registered with the SEC as an investment adviser under the Advisers Act. We are licensed in Switzerland by the Swiss Financial Market Supervisory Authority ("FINMA") to operate as an asset manager of collective investment schemes. In addition, we are a member of the Swiss Association of Asset Managers and a member of the Alternative Investment Management Association.

We provide asset management for separately managed accounts and private investment funds. We also facilitate wealth management, consulting and education services.

We have two "related persons".<sup>2</sup> We are the 100% owner of Albis Asset Management Ltd ("Albis"), a GFSC licensed Guernsey company. A second company, Crossbow Partners AG ("Crossbow"), a Swiss company, provides us with research that we use to manage certain mandates for our clients that include U.S. resident clients ("Clients" or "U.S. Clients"). Further details are set forth in Item 10.

We provide discretionary investment management services to private funds, other investment advisers, individuals, trusts, charitable and other tax-exempt organizations, estates and corporations, including single-family offices.

This Brochure outlines how we manage assets for our U.S. Clients.

### Investment Management Services

We manage U.S. Client portfolios on a discretionary basis, with a strong bias towards tactical asset allocation and absolute return strategies. We are strong believers in the power of compounding and therefore aim at keeping downside volatility low and avoiding large drawdowns.

Our discretionary services are tailor-made, taking into account your desires, objectives and other preferences. Each individual investment program will be developed within the context of your total net worth, existing portfolio, investment objectives, risk tolerance and long/short term goals.

We manage portfolios based on investment guidelines that are recorded in each client's asset management agreement ("Mandate"). This, with the power of attorney from the custodian, permits us to manage your cash and securities or investments. Investment guidelines include permissible securities and investment instruments, regional focus, exposure limits, restrictions and risk/return expectation. Our investment team holds regular calls and meets with Clients during which we review and discuss the respective portfolios.

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<sup>1</sup>We use "we", "our" and "us" refer to ISPartners, and "you" and "your" refer to you as a U.S. Client or U.S. resident prospective client of ours.

<sup>2</sup> We are the 100% owners of Odeon Asset Management Ltd. ("Odeon"), an inactive Cayman Islands company. There is no other relationship with Odeon.

We tailor portfolios in (i) third party private funds, mutual funds, hedge funds or exchange-traded funds (“ETFs”), (ii) cash or cash equivalents or (iii) direct investments that include, but are not limited to, fixed income securities, equities, derivative instruments such as futures, forwards, options, or swaps, physical commodities and other capital markets instruments (“Assets”).

We do not accept U.S. Client orders to buy or sell Assets.

### Private Investment Funds for Non-U.S. Clients

Albis and we serve as the investment manager, investment adviser or the investment co-adviser to several private funds.<sup>3</sup> Albis acts as the principal manager to the ISPartners Diversified Fund-Argon, the Helium Special Situations Fund, and the Helium Rising Stars Fund. We serve as the investment adviser to these funds and serve as the investment manager to the Xenon Liquid Fund.

We will not exercise discretion to place the assets of U.S. Clients in these funds, and we will not permit U.S. residents to invest directly in these funds.

### Assets under Management

As of 31 December 2016, (the most current date), we manage the following assets for 14 clients, of which nine are U.S. Clients:

Discretionary Assets	USD 36,323,478	10 accounts
Non-discretionary Assets	USD 107,341,585	4 accounts
<b>Total</b>	<b>USD 143,665,063</b>	<b>14 accounts</b>

### Item 5 Fees and Compensation

We offer two fee structures. The first structure is based on a percentage of the managed assets (“Management Fee”). The second fee structure consists of two components: a Management Fee plus a performance fee based on of the net capital appreciation, if the performance exceeds the calculated return of the hurdle rate (“Performance Fee”)(together, “Fees”). Fees are as follows:

#### Management Fee Only

<i>Assets under Management</i>	<i>Annual Fee</i>
Up to CHF 5 million	Negotiable
CHF 5 million to 10 million	0.8%
CHF 10 million to 50 million	0.7%
CHF 50 million to 100 million	0.6%
Over CHF 100 Million	Negotiable

<sup>3</sup>Each fund is exempt from being an investment company under the U.S. Investment Company Act of 1940 pursuant to Section 3(c)(7) of that act. The securities of such funds are not registered with the SEC under Regulation D under the U.S. Securities Act of 1933. Additional details regarding these funds are contained in their private placement memorandum. This Brochure is not an offer to buy or sell the securities of these funds.

**Management and Performance Fee**

<i>Assets under Management</i>	<i>Annual Fee</i>	<i>Performance Fee</i>
Up to CHF 5 million	Negotiable	Negotiable
CHF 5 million to 10 million	0.6%	6%
CHF 10 million to 50 million	0.5%	6%
CHF 50 million to 100 million	0.4%	6%
Over CHF 100 Million	Negotiable	Negotiable

The Management Fee is due and payable quarterly on 31 March, 30 June, 30 September and 31 December in arrears. The amount is calculated on the notional value of the assets at the end of each management period, on 31 March, 30 June, 30 September and 31 December. For services beginning during a calendar quarter, the compensation for the initial period is reduced *pro rata* to 31 March, 30 June, 30 September and 31 December, respectively.

The Performance Fee is 6% of the net capital appreciation if the performance exceeds the calculated return of the hurdle rate on 31 March, 30 June, 30 September and 31 December. The hurdle rate is subject to negotiation and individually defined for each Client. The Performance Fee is calculated on a "High Watermark" basis. The Performance Fee is calculated quarterly on a cumulative basis and is payable quarterly in arrears but not until all prior net losses are recouped.

Fees are charged in the Client's base currency. In all cases, we may waive, discount or negotiate fees at our sole discretion – this is stated in each Mandate.

You select the "qualified custodian" ("custodian") to hold your Assets. We may provide you with assistance or guidance on possible custodians, but the decision is yours.

Your custodian will value your Assets.

Depending on the custodian selected, either that custodian will calculate the Fees that you owe us or we will calculate the Fees (if we do this, we address the conflict arising from this with an independent check of our calculations). This is disclosed in your Mandate. We will send you an invoice for the Fees due. You will instruct your custodian, acting as your agent, to deduct the Fees due to us from your account against the invoice and pay us. Fees are not paid in advance.

You may terminate your Mandate without notice. Upon termination, Fees for the period from the first date of the quarter to the date of termination are due and payable. The custodian will take steps for the disposition or moving of assets after account closure, as required.

Our Fees are exclusive of and in addition to brokerage commissions, transaction fees, custody fees, securities exchange fees, stamp duties and any other related costs, taxes and expenses. You pay these. The investment managers of funds in which you would be invested also charge management and/or performance fees, and these funds may charge other expenses. We do not participate in any portion of these underlying fund internal fees.

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

As noted above in Item 5, we and our related persons receive incentive compensation. Such a fee creates a conflict of interest to the extent that a related person or we have an incentive to favour a Client from which a related person or we receive an incentive-based fee over a Client that does not pay this or that pays a lower performance-based fee. Incentive-based fees may be seen to create a desire to make riskier investment decisions on behalf of Clients paying these fees. We address this

conflict by treating our Clients according to their profiles and allocating investment according to merit. We have instituted policies and procedures to ensure the fair treatment of our Clients.

### **Item 7 Types of Clients**

We provide discretionary investment advisory services to U.S. individuals, trusts, charitable and other tax-exempt organizations, estates and corporations, including single-family offices.

Our minimum account requirement is CHF 5 million. We reserve the right to accept smaller accounts based on individual circumstances.

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

#### **Investment Strategy**

Each strategy is tailored to a Client's specific needs.

Our investment analysis of Assets and financial markets may include fundamental and technical analysis. Generally, we offer two strategies: a Swiss balanced portfolio, which follows a buy and hold approach; and an asset allocation strategy, which applies a systematic approach. The Swiss balanced portfolio consists of Swiss and European blue chip stocks as well as investment grade bonds in CHF and other European currencies.

We base our asset allocation investment strategy predominately on a systematic approach. For this purpose, we process third party and our own research. Tactical over- and underweight of certain asset classes and geographic regions are based on the output data of Multi Model Asset Allocation ("MMAA"), which we license for a fee from WM Partners Vermögensverwaltungs AG ("WM Partners"). The resulting asset allocation is based on a broad indicator system (pricing, liquidity, momentum, sentiment). The expected returns, risks and tactical weights are calculated with quantitative models and rebalanced regularly.

For the majority of the asset classes within the MMAA, passive products (such as ETFs) are more favourable, as they are low in cost and offer high liquidity. Nevertheless, we also use individual securities, mutual funds as well as hedge funds for the MMAA implementation.

In selecting private funds, we use Crossbow, a related person, for quantitative and qualitative analysis, as well as an interview process, on-site visits, conference calls and information supplied by industry professionals. We pay them a fee for this.

#### **Risk of Loss**

All investments involve a degree of risk, independent from the strategy used. You may face some or all of the following risks when investing with us.

*Macro-economic Conditions.* General economic conditions may have an impact upon investment activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of Assets that we purchase for you. The global macro-economic uncertainty may well continue and impact expected returns. Global rates of growth or economic conditions that are weak for a prolonged period may pose risks of systematic defaults by borrowers, inflationary or exchange-rate pressures or geopolitical disturbances that could adversely affect returns. Because of these factors, you could incur losses or fail to meet your objectives.



*Investment Risk.* Investments necessarily involve a degree of risk and certain are riskier than others are, or are more or less liquid. Investing in a hedge fund involves a risk of loss, including the potential loss of a Client's entire investment.

*Market Risk.* All securities may experience fluctuations in prices due to external factors that affect the overall performance of the financial markets. These external factors may be political events, natural disasters, terrorist attacks, etc. Market risk or systematic risk cannot be eliminated through diversification.

*Inflation Risk.* In an inflationary environment, purchasing power is reduced *i.e.* a dollar tomorrow will buy less than a dollar today. Thus, inflation could undermine the performance of your investment.

*Interest Rate Risk.* Fluctuations in interest rates may affect investment prices. Interest rate risk affects the value of bonds more directly than stocks. Bond prices have an inverse relationship to interest rates: As interest rates rise, bond prices fall and vice versa.

*Business Risk.* This risk is usually specific to an industry or a company within an industry. It is a factor that may impact negatively a business' operations or profits. For example in the technology sector, if a company misses a new development such as flat screen television, its sales figures may drop significantly, leading to less profit and thus a lower price of the stock.

*Currency Risk.* Your return for investing in foreign securities could be reduced due to the U.S. Dollar appreciating against foreign currencies.

*Liquidity Risk.* Liquidity is the ability to sell quickly an investment at an appropriate price. Usually, hedge funds and other alternative investments are less liquid than a largely traded stock.

We cannot guarantee that your financial goals or objectives will be achieved. Past performance is no indication of future performance.

## **Item 9 Disciplinary Information**

Neither our management personnel nor we have been involved in any material legal or disciplinary events, such as court actions or regulatory or self-regulatory proceedings.

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

As noted above, we have two related persons. Only one, Crossbow, provides research to us for a fee that we use for Clients.

We and our directors, officers and employees are subject to the following conflicts of interest.

Our officers, directors or employees are engaged in activities beyond their specific roles with us. This includes board membership of listed and unlisted companies, unrelated outside business activities, charities, membership on boards of non-profit organisations or other types of associations where it may be possible to receive and review general information applicable to our investment strategies. We require these to be disclosed and, depending upon the circumstances, we may impose restrictions on such involvement. The conflicts of interest that arise from these activities are addressed by policies and procedures that require further disclosure to us recusal from discussions or votes or, in certain instances, foregoing fees or redeeming, foregoing investments or removal.

Mr Apitz is a part-time employee and owns 4% of Crossbow Partners, which provides research to its clients for on- and off-shore funds as well as fund of funds. Crossbow provides us with alternative investment fund and manager due diligence and advisory services in relation to portfolio manager selection. Crossbow advice is used for Clients. Mr Apitz is involved in generating research for Crossbow but does not sit on the Crossbow Investment Committee that formulates, decides and recommends specific research or investment opportunities to Crossbow clients, including us.

Mr Leimer, a Director, is a board member of WM Partners and a board member of SIKA AG (“SIKA”), a Swiss listed company. WM partners licences MMAA to us for a fee for us to use for our Clients, and refers U.S. residents to us for consideration to become a Client, for a fee. We do not consider SIKA for investments for our Clients. As discussed below, we have a Client referral agreement in place with WM Partners that is compliant with Advisers Act Rule 206(4)-3. The conflicts of interest that arise from this are addressed by policies and procedures that require the recusal of Mr Leimer from discussions or votes by WM Partners, and the monitoring of information about WM Partners and SIKA against Client dealings and personal account transactions.

Mr Gailloud, a part-time employee, is the owner and CEO of Gailloud Asset Management AG (“Gailloud AM”), a privately held asset management company located in Zurich. When working with us he provides discretionary investment management advice to our Clients. Separately, Mr Gailloud, through Gailloud AM, provides asset management to non-U.S. Clients. These activities involve the same securities and the same strategies. Policies and procedures, including monitoring, are in place to help ensure that Mr Gailloud’s activities with us, as well as the research, advice and information that he holds and that is used at ISPartners, remains with us at all times and cannot be used by him or by Gailloud AM for any reason at any time.

mojo.capital is a Luxembourg public limited liability company (*société anonyme*). mojo.capital was appointed fund manager of Mojo Digital One, a Luxembourg alternative investment fund, by Mojo Digital One GP, a Luxembourg entity that is the General Partner of Mojo Digital One.

- We are a 30% shareholder of mojo.capital.
- Odeon is a limited partner of Mojo Digital One by its investment of USD 500,000 of its capital – our investment and the Odeon investment are the “mojo Investments”.
- mojo.capital has delegated certain service functions to us for which we receive compensation. These activities include the provision of adequate technical infrastructure, operational support in respect to the supervision of mojo.capital’s administration and accounting functions, operational support with respect to the valuation and provision of quarterly and annually reports, internal accounting services, operational support to the conducting officers of mojo.capital with respect to the general oversight and related administration functions as well as risk management. Mr Apitz is responsible for the risk management services that we perform for mojo-capital.
- Mr Leimer, one of our three directors, is a director of mojo.capital and a non-voting member of the Investment Committee of mojo.capital.

We negotiated these arrangements on an arms-length basis and documented these in agreements.

We disclaim control of mojo.capital, Mojo Digital One GP and Mojo Digital One.

Mr Leimer will, when serving on the mojo.capital board, recuse himself from discussions and votes involving ISPartners or the mojo Investments. Mr Leimer is subject to our controls to prevent the misuse of confidential client information, and he will comply with similar requirements imposed by mojo-capital and Mojo Digital One GP.

Helvetica Capital AG (“Helvetica”) is a private held Swiss based limited liability company registered in Zurich. Helvetica is an investor adviser with a focus on Swiss SMEs and advises both entrepreneurs and investors in financing and succession solutions.

Mr Leimer owns 12.96% of Helvetica Capital (arising from the conversion under the convertible loan agreement on 12 December 2016). He is a board member of Helvetica. We disclaim control of Helvetica. Mr Leimer complies with controls reasonably designed to prevent the passing of our confidential client information to Helvetica.

The activities Mr Leimer performs or in which he engages as noted above and any information that he receives or uses for this purpose will be segregated and ring-fenced so that no information may be misused. We will monitor such activities and take appropriate action should these conditions not be followed.

As we have several individuals performing multiple roles, conflicts may arise with respect to allocations of activities, personnel and investment opportunities. Our investment professionals will devote such time as will be necessary to conduct the business of their Clients in an appropriate manner, and will allocate investment opportunities in a manner that we determine to be fair to our Clients. The conflicts of interest that arise from this are addressed by policies and procedures that require recusal, restriction or withdrawal of such activities.

Mr Casutt is our CCO and Deputy Risk Officer. Mr Apitz is our Chief Risk Officer and Deputy CCO. We implemented this arrangement to help ensure that there was a back-up for each function should one of these two persons not be in the office. The conflicts arising from this “dual-hatted role” are addressed by having one of Mr Casutt or Mr Apitz recuse himself from the risk officer or compliance officer role so that, when issues arise that concern both risk and compliance, Mr Casutt handles compliance and Mr Apitz handles risk. If such an issue arises and one of these two persons is out of the office, the person in the office will document his actions and, upon the return to the office, both persons will review any action.

We permit, subject to compliance with our Code of Ethics, employees to buy and sell securities that might include as investments in the funds that a related person or we advise or manage.

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

### **Code of Ethics**

We have adopted a Code of Ethics (“Code”) pursuant to and in compliance with Advisers Act Rule 204A-1. Under our Code, our officers, directors and employees (“Staff”), as “supervised persons” and “access persons”, must comply with the U.S. federal securities laws at all times and act with competence, dignity, integrity and in an ethical manner. Recognizing that we are a fiduciary to our Clients, the Code also requires that Staff adhere to the highest standards and act in the best interests of our Clients at all times. Our Staff are required to adhere strictly to these guidelines.

### **Personal Trading**

Our Code contains policies and procedures that are designed to address the conflicts of interest associated with personal trading activities. These include, *inter alia*, a personal account transaction policy and controls to prohibit (no clearance or trading) transactions in certain investments and reporting requirements. Additional policies and procedures include: the prevention of misuse of confidential client information; the delivery of the Code and a written acknowledgment of its

receipt; CCO analysis of personal account activity; initial, quarterly and annual reporting of accounts and holdings; and a requirement to report promptly suspected violations of the Code to our CCO.

A copy of our Code is available upon written request.

## **Item 12 Brokerage Practices**

If requested, we assist our Clients in the custodian selection and custody fee negotiation processes. However, the final decision is at our Client's discretion.

We do not take U.S. Client orders to buy or sell securities.

Client accounts are treated in a fair and equal manner.

We do not select third-party brokers with whom to place orders to buy or sell Assets. Instead, we place orders to buy or sell Assets, in the exercise of discretion, with the trading desks of the custodians holding Assets.

### **Best Execution**

Best execution is seeking the most favourable total cost and proceeds, under the circumstances and in each transaction, and does not necessarily mean achieving the lowest or highest possible price or transaction cost, as the case may be. As we do not select third-party brokers with whom to trade, we require the trading desks of the custodians with whom we trade not only to provide us with best execution but to provide us with their analysis of how they have achieved and validated best execution. Where a client directs us to trade through a broker or with a counterparty, we do not have a best execution obligation unless we are given and accept the client's direction "subject to best execution." If we are offered or receive a benefit from the direction of the trade, we disclose this to the client. Where this is not the case: for equity and fixed-income securities, we measure best execution as being a trade within the high and low for that day's trading.

### **Block Trades**

We will not aggregate a trade for a non-U.S. client with a U.S. Client. We may trade for more than one U.S. Client where those clients have the same custodian. In this case, we may combine multiple orders for securities ("block trading") if we believe this will help achieve best execution and result in lower commission rates or other transaction costs. When trading simultaneously for more than one Client account or portfolio with a single custodian, we allocate trades among those accounts using a pre-trade allocation that is recorded prior to placing the order to buy or sell. In determining the allocation, we act on a *pro rata* basis that may be adjusted by taking the following factors into account: cash; then current exposure and other documented considerations. Due to the complexity and variations of the investment guidelines among different accounts, we may adjust, post-trade, the pre-trade allocations, as pre-determined by the allocation factors mentioned above. Any post-trade adjustment will be documented and require prior written approval of the CEO and the CCO.

### **Trade Errors**

We identify and address trade errors as soon as practicable after they are discovered. If a trade error arises, we will ensure that no Client suffers a loss. Trade errors will be documented and actions are taken, where possible, to prevent such errors in the future. We bear losses and clients receive gains. We do not net gains against losses.

**Item 13 Review of Accounts**

Our portfolio managers monitor accounts on an ongoing basis. We also conduct monthly investment committee meetings to discuss macroeconomic developments, potential investment opportunities and to review your portfolio. You will receive trade confirmations, monthly or quarterly account statements as well as annual tax reports from your custodian(s).

**Item 14 Client Referrals and Other Compensation**

We use WM Partners to identify and solicit U.S. prospects to become our Clients. The agreement with WM Partners complies with Advisers Act Rule 206(4)-3, under which it will disclose to the prospect the nature of the relationship with us, including the compensation it will receive from us and provide the prospect with a copy of this Brochure. They will receive a fee when a prospect becomes a Client. Any such fee will be paid by us and not result in any additional charge to you. We supervise their activities in this regard.

**Item 15 Custody**

Client assets are maintained by qualified custodian(s), selected by the Client. We do not hold or have custody over Client assets at any time. You will receive monthly or quarterly account statements from your custodian(s) and you should review them carefully.

**Item 16 Investment Discretion**

Generally, we manage portfolios with discretionary authority to determine the investments and the amounts thereof to be bought or sold for Clients. Such authority may be limited by our Clients' investment profiles, *e.g.* investment time horizon, risk tolerance, cash needs and the like. Before we can trade your account, you must first sign our discretionary asset management agreement and a limited power of attorney document provided by your custodian(s).

**Item 17 Voting Client Securities**

We have adopted policies and procedures regarding the exercise of proxy votes in connection with Client investments. Unless we receive specific guidelines from a Client, we will vote proxies in the best interest of each Client, which may result in different voting results for proxies of the same issuer. We take into consideration all relevant factors, including without limitation, act in a manner that we believe will maximize your economic benefits. Our policies and procedures also address conflicts of interest associated with proxy votes, which in certain circumstances may include the engagement of a third party for recommendations and/or abstaining from voting. We maintain records in connection with each proxy vote. You may obtain a copy of our proxy voting policies and procedures and information about how we voted upon written request.

**Item 18 Financial Information**

No management fees are payable to us more than six months in advance. As such, we are not required to include a balance sheet for the most recent fiscal year or disclose information about its financial position. We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have not been the subject of a bankruptcy petition.

**Item 19 Requirements for State-Registered Advisers**

We are not registered with any state securities authority.