

Acion Partners Limited

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This Brochure provides information about the qualifications and business practices of Acion Partners Limited. If you have any questions about the contents of this Brochure, please contact us at +852 3728 3855 or by email at information@acionpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration of an investment adviser does not imply that Acion Partners Limited or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Acion Partners Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

A summary of the material changes that have been made to our firm brochure since the firm's initial brochure filing is set forth as below:

Updates on Code of Ethics and Personal Account Dealing in December 2016

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Item 4: Advisory Business

Our Firm

Acion Partners Limited (“Acion Partners”, “we” or the “Firm”) is a Hong Kong Limited Company incorporated on 25 September 2014. The Firm is licensed by the Hong Kong Securities and Futures Commission (the “SFC”) and has been a registered investment adviser by the SEC since 27 July 2016. The Firm provides advisory services to privately pooled investment vehicles: Acion Master Fund, Acion Onshore Fund and Acion Offshore Fund (collectively, the “Funds”). The Firm may also be engaged as the investment adviser for separately managed accounts (“SMA”) (“Funds” and “SMAs” shall be collectively referred to as the “Portfolio”).

The Firm manages a single Portfolio with one decision-maker, in a concentrated, patient and flexible mandate, enabling the Firm to target the complexity and dislocation present in Asian markets. The Firm aims to generate an attractive, risk-adjusted rate of return through a fundamentally-orientated, value focused and catalyst-driven cross-asset investment approach, which emphasizes on long-term compound returns.

The Funds and SMAs advised and managed by Acion Partners are expected to invest principally in equities and fixed income but may invest across a wide range of asset classes including, foreign exchange, commodities, options, swaps and futures.

Principal Owners

Acion Partners Limited is majority owned by Acion Holdings Limited. Both these entities are affiliated with the founder.

The Firm is controlled by Mr Feng Jimmy Hsiung who acts as an Executive Director and Chief Information Officer (CIO), and Mr Clinton Yang who acts as Chief Compliance Officer (CCO), Chief Operating Officer (COO) and Director.

Types of Services Offered

The Firm provides investment advisory and management services to the Funds and SMAs based on specific investment objectives and strategies. The Funds’ offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may invest.

As of 31 December 2017, the Firm managed approximately US\$256,318,019 of regulatory assets on a discretionary basis.

The performance of the Funds will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted, in US dollars (US\$).

Ability to Tailor Services and Impose Positions

The Firm provides investment advisory services to the Funds based on the specific investment objectives and strategies of the Funds themselves and not individually to investors in the Funds (the “Investors”). However the Funds may from time to time enter into side letter agreements or other similar agreements (“Side Letters”) providing investors with additional and/or different rights and benefits. Directors may also reduce the minimum subscription amounts in consultations with the Firm, subject to requirements by applicable laws. In addition, new Series

of Shares may be established by the Directors at any time in their discretion without the approval of the existing investors and certain investors may receive additional benefits (including without limitation reduced fee obligations, the ability to redeem Shares on shorter notice or during different time periods and expanded information rights) which other investors will not receive.

Item 5: Fees and Compensation

Management Fee

The fees applicable to each Fund are set forth in detail in each Fund's offering documents; with respect to all share classes, the Firm receives an annual management fee ranging up to 2% per annum in respect of the net asset value ("NAV") of the Funds ("Management Fee").

The Management Fee will be calculated as at each monthly Valuation Point, will accrue daily and will generally be paid in arrears within 14 Business Days of the relevant Valuation Day.

The Funds pay for organizational and initial offering expenses as well as ongoing operating expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, and applicable trading costs. The Funds may incur brokerage and other transaction costs. Fund expenses are accrued daily and settled monthly. For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

Compensation via Management fees is as noted above.

The Funds may from time to time enter into Side Letters providing for changes in management fees and performance allocation.

Brokerage Fees

The Funds are responsible for paying any and all brokerage fees including, without limitation, commissions, annual fees, brokerage charges, bank charges, registration fees, clearing and settlement charges, taxes and/or duties.

Item 6: Performance-Based Fees

Some of the Funds managed by the Firm may charge a fee based on the performance of the Fund ("Performance Fees"). Performance Fees typically are subject to a high water mark, and range up to 20% per annum of the increase in NAV attributable to investment performance. Performance Fees are calculated on a Fund by Fund basis so that each Fund is charged a Performance Fee which equates precisely with the performance of that Fund. This method of calculation ensures that any Performance Fee is charged only to those Funds which have appreciated in value. The Performance Fee for each Fund will be calculated in respect of each Performance Period and will be made within 10 Business Days of the end of each Performance Period when earned.

Clients with SMAs may or may not pay generally the same Performance Allocation as stated above.

Item 7: Types of Clients/ Eligible Investors

Acion Partners provides investment advice to the Funds. Investors in the Funds primarily consist of institutional investors, high net worth individuals, family offices, and fund of funds. Other clients may include pension funds, insurance companies, and may include charitable foundations, endowments, and other sophisticated investors.

The minimum initial investment amount for each Fund is generally US\$5,000,000 and the minimum subsequent investment amount is US\$1,000,000. In certain circumstances, minimum investment amounts may be amended by directors in consultation with the Firm.

All SMA clients will be required to enter into a separate management agreement with the Firm. The Firm may require a minimum account size to be determined on a case by case basis.

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

Investment Philosophy

The Funds managed by Acion Partners offers a range of different investment objectives and strategies. The offering documents of the Funds will describe the specific investment objectives and investment strategy in detail.

Acion Partners currently manages a single portfolio with one decision-maker, in a concentrated, patient and flexible mandate, enabling the Firm to target the complexity and dislocation ever present in Asian markets. The Firm believes in a disciplined and process-driven approach to investment and risk management, evolved from many years of experience at established institutional firms and within the Asian markets. The Firm employs a fundamental value-focused, event-driven and cross-asset investment strategy that emphasizes long-term compounding. The investment philosophy is centered on the concept of asymmetry, which is generated through investments that combine significant deviations from fair value, variant perception theses and anticipated catalysts.

Acion Partners has established a strategic partnership with Kohlberg Kravis Roberts (KKR) aimed at benefiting from KKR's scale, access and expertise across strategies, geographies and sectors.

Investment Strategy and Objective

The Funds aim to generate an attractive, risk-adjusted rate of return through a fundamentally-oriented, value-focused and catalyst-driven cross-asset investment approach, which emphasizes on long-term compound returns. The Master Fund, through which the Funds invest, will invest primarily in Asian securities but may also invest in securities outside of Asia if the Firm considers Asia to be a significant driver of the securities' prospects.

The Master Fund is expected to invest principally in equities and fixed income, but may also employ strategies involving currencies and commodities, and the use of derivative instruments such as options, swaps, forwards and futures on an opportunistic basis. However, the ability to trade currencies, commodities and some derivatives will be limited by the conditions of the Firm's exemption from registration as a commodity pool operator.

Acion Partners focuses on potential investment opportunities with three characteristics:

- I. Securities which trade at significant deviations to intrinsic value;

2. Investment theses which represent significant variant perceptions relative to consensus thinking;
3. Identifiable catalysts which can crystalize the perceived value gap.

Broadly speaking, Acion Partners drives securities selection and portfolio construction through the repeated and disciplined execution of an investment process with five discrete steps:

1. The Firm will generate opportunities primarily through proprietary sources, including structural themes, quantitative screens and relevant contacts;
2. The Firm analyzes opportunities for suitability based on industry, company and financial dynamics, valuation, variant perception and timing;
3. Opportunities are implemented by sizing for conviction, asymmetry, liquidity, timing, portfolio impact and an estimate of maximum loss, and determining the optimal part of the capital structure in which to express the thesis and whether hedging is required for unwanted risks;
4. The portfolio is monitored with automatic reviews for underperforming positions and weekly reviews of all positions, including updated estimates of asymmetry; and
5. The Funds will exit positions based on continuing reviews for incorrect theses, reduced asymmetry, reallocation to higher conviction ideas and pre-existing drawdown plans.

In situations where the Firm believes a specific security is overvalued and anticipates negative change, the Firm may decide to sell the securities short in expectation of covering the short sale at a lower purchase price at a later date. The Firm may also use short sales to hedge risks associated with specific securities from time to time.

Risk Factors

An investment in the participating shares is speculative and involves a high degree of risk. There is no guarantee that implementation of the investment objective or strategy with respect to the assets will not result in losses to holders of participating shares. Accordingly, prospective investors should consider risks including but not limited to:

Speculative Nature of Certain Investments: Certain investments by the Funds may be regarded as speculative in nature and involve increased levels of investment risk. Acion's past performance, is not indicative of future results of the Funds and no assurance can be given that the investment objectives will be achieved or that investors will receive a return on any of their investment

Systematic Risk – The Funds' investment strategy is subject to some dimension of systematic risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality", "credit squeezes", etc. The Firm's style of alternative investing may be no less speculative than traditional investing strategies. On the contrary, due in part to the use of leverage and the degree of leverage embedded in the derivative instruments in which the Funds may invest, the Funds may from time to time incur sudden and dramatic losses.

Asian Economies: The economies of the various nations in Asia differ from the economies of most developed countries in many aspects, including as to: (a) the political structure; (b) the degree of government involvement; (c) the degree of development; (d) the level and control of capital reinvestment; (e) the control of foreign exchange; and (f) the allocation of resources. Certain economies in Asia have been transitioning from centrally planned economies to more market oriented economies.

Liquidity Risk - The liquidity of the capital markets, and any securities that are traded therein, is not guaranteed or assured, as seen in the wake of the global financial crisis (“GFC”) and the Eurozone sovereign debt crisis. The Funds provide no assurance as to the liquidity of its assets, the security of the assets in custody, or as to losses relating to short squeezes or regulatory change.

Use of Leverage - The ability of the Funds to utilize leverage (either by borrowing or through the use of derivatives for example) will result in the Funds controlling substantially more assets than the Funds have equity. The more the Funds leverages themselves, the more likely a substantial change will occur, either up or down, in the value of the Funds’ positions. The use of leverage also creates the risks of “credit squeezes” and the adverse effects of discretionary margin increases by dealers and counterparties can add expenses.

Hedging Transactions - The Funds may utilize certain financial instruments for hedging purposes or as part of their trading strategies. The Firm may not anticipate a particular risk so as to hedge against them. Hedging sometimes does not work to limit loss and sometimes actually increases and amplifies loss. Hedging against a decline in the Funds’ portfolio does not eliminate fluctuations in the value of the Funds’ positions or prevent losses if the value of such positions decline, but establishes other positions designed to gain from those same developments.

Interest Rate Risk - The Funds are subject to interest rate risk both in respect of their borrowings and any debt instruments in which they may invest. Generally, the value of fixed income securities will change inversely with changes in interest rates. The Firm may attempt to minimize the exposure of the Funds’ portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Firm will be successful in fully mitigating the impact of interest rate changes on the Funds’ portfolio.

Volatility Risks - The prices of some of the instruments intended to be traded by the Funds have been subject to periods of excessive volatility in the past (including over the past year), and such periods can be expected to recur or continue. Price movements are influenced by many unpredictable exogenous factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions.

Foreign Currency and Exchange Rate Risks - A substantial amount of the Funds’ assets are expected to be invested in assets denominated in a functional currency other than the US Dollar. Investments in such assets will be subject to the systemic and systematic risks connected with changes in exchange rates. Changes in the exchange rate may result over time from the interaction of many factors that directly or indirectly affect economic and political conditions in the countries in which the Funds invests.

The above key risks associated with the Funds and the shares are not, nor is it intended to be, a complete or exhaustive enumeration or explanation of all risks involved in an investment in the Funds. Potential investors in the Funds must read the entire Fund’s Offering Memorandum (and any subsequent Offering Memorandum), including all attachments, and should consult their own professional advisers before making an investment. Investment should only be made if the nature of investments and risks of investment are understood. No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

Item 9: Disciplinary Information

Acion Partners has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction, and it has not been subject to any regulatory inspections. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial or Industry Affiliations

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

Acion Partners is exempt from registration as a commodity pool operator based on the de minimis level of commodity interests held by the Funds and the filing of exemption notices with the Commodity Futures Trading Commission and the National Futures Association.

Other Material Relationships

Acion Partners does not have other relationships or arrangements that are material to the Firm's advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

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

Participation or Interest in Client Transactions

Employees, their affiliates and relatives may invest into the Funds. As a result, the Firm and the Firm's employees may have a financial interest in the Funds through a direct investment interest in the Funds. As such, the Firm could be considered to have recommended to investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

SMA accounts will be traded in line with the Firm's allocation policies. Where the investment objectives and guidelines are aligned, trades will be allocated pari passu with the Funds. The trading and investment will be done so as not to disadvantage the Funds over the SMA clients or vice versa. This is disclosed to the SMA clients prior to the execution of the management agreement.

Code of Ethics and Personal Account Dealing

Pursuant to Rule 204A-1 of the Advisers Act, Acion Partners has adopted a written compliance manual which includes the Firm's code of ethics, establishing various procedures with respect to investment transactions in accounts in which employees of the Firm or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The compliance manual and code of ethics were adopted to avoid possible conflicts of interest, avoid inappropriate use of material, non-public information and ensure the propriety of

employees' and partners' (or similar) trading activities. Where requested, the Firm can provide a copy of its Code of Ethics to any client or prospective client.

Some underlying principles of the Code of Ethics include:

- Employees of the Firm are expected to conduct themselves in a way that avoids conflicts of interest wherever possible, and when they cannot be avoided, ensure that such conflicts are fully disclosed, monitored and that clients are fairly treated;
- Employees of the Firm are expected to act honestly, fairly, with due care, skill and diligence in providing any service;
- Employees of the Firm must make sure that all personal securities transactions are conducted consistent with the policies set out in the compliance manual and code of ethics;
- Employees of the Firm should not take inappropriate advantage of their positions; and
- Employees of the Firm must avoid any transaction or practice that involves a risk of bringing the Firm into disrepute.

The personal account dealing (PAD) policy extends to the trading of employees, officers and directors of the Firm and their spouse or domestic partner, and other account of any person over whom the employee, officer and director of the Firm exercises control and influence (together "Covered Persons"). Covered Persons must avoid serving their own personal interests ahead of the interests of clients. Covered Persons may not make personal investment decisions based on their knowledge of client holdings or transactions.

Employment contracts for Covered Persons include provisions on personal account trading. Covered Persons will be required to give a detailed statement of "securities" in which they have a beneficial interest, and will be required to make the same disclosure annually thereafter. In addition, Covered Persons must provide quarterly transaction report for all reportable securities in their accounts no more than 30 days after the end of each calendar quarter.

Covered persons are required to obtain prior written permission for personal account dealing in securities by submitting a pre-clearance request to either the Firm's Chief Investment Officer (CIO) or the Chief Compliance Officer (CCO), or such other person designated by management. All dealings in reportable securities related to single name securities is strictly prohibited.

Covered Persons must seek approval upon opening of a new trading account upon which they exert any influence (personal or other). The Firm will maintain a file of all new trading account approvals and also personal account dealing approvals, and ensure that there is an adequate audit trail of such approvals.

Covered Persons must ensure that copies of records and statements of personal transactions entered into by them are submitted to the Compliance Officer. On an annual basis, Covered Persons and Independent Directors must certify that they have read and understood the PAD policy and that they have complied with its requirements during the preceding year.

Transactions in securities or derivatives in which any of the Firm's clients have an interest are of particular concern, and are extremely unlikely to be approved.

Any request for an exception under this PAD policy must be submitted in writing to the CCO with sufficient information for consideration.

Item 12: Brokerage Practices

Best Execution

In effecting securities transactions, the Firm will seek to obtain best execution of orders. In selecting brokers for trade execution, the Firm will consider such factors as execution ability, administration and settlement ability, stock-lending capability, quality of research produced, specialists' research skills, quality of information services, quality and frequency of client contact, ability to deal in specific markets and financial strength. These factors are general guidelines only and are not exhaustive.

Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Firm determines in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such brokers. In any such case the Firm will determine in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

Trade Allocation

The Firm is responsible for ensuring that all investments and proceeds are allocated fairly and make a record of intended basis of allocation before a transaction is effected and ensure that an executed transaction is allocated promptly in accordance with the stated intention, except where the revised allocation does not disadvantage a Fund and the reasons for the re-allocation are clearly documented.

The Firm has implemented operational and supervisory controls, including establishing conditions (such as for entering orders, error trade policies, cash management, post trade execution, reconciliation of trade process, etc.) and restrictions such as the right to cancel orders and portfolio guidelines, etc.

Principal Transactions/ Cross Trades

In a "principal transaction," an investment adviser, acting for its own account, buys a security from, or sells a security to, a client's account. The Firm does not maintain "own accounts" / proprietary accounts. The Firm currently does not engage in cross trades between Clients' accounts. Should the Firm in future engage in cross trades between Clients' accounts, the reason / trade rationale for all cross trades will be clearly documented during the trade action process and prior to trade execution. Furthermore, Clients will be notified of cross trades when required.

Soft Dollars

The Firm and its Affiliates do not, and will not, receive cash or other rebates from brokers or dealers in respect of transactions from the Funds. However, they may enter into commission sharing arrangements under which commissions ("Soft Dollars") generated by the Funds' transactions are used to obtain goods and services provided to the Firm or its Affiliates but which can reasonably be expected to benefit the Funds as a whole. The Firm will comply with applicable regulatory rules and industry standards applicable to such commission-sharing arrangements. Goods and services that the Firm may receive through these commission arrangements include specific advice as to the advisability of dealing in, or as to the value of,

any Investments, research services, economic and political analysis, portfolio analysis and market analysis, data and quotation services, computer software, short term custodial services, and other analysis and services to the extent that they are used to support the investment decision-making process, the giving of advice, or the conduct of research or analysis.

To the extent possible and appropriate, the Firm will use Soft Dollars for the benefit of the Funds, but may also use the Soft Dollars for other investment funds, client accounts and proprietary accounts it may manage in the future.

The Firm will generally use reasonable best efforts to ensure the use of Soft Dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the US Exchange Act. The Firm will not use commissions to obtain travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct monetary payments.

Item 13: Review of Accounts

Review of Accounts

The Funds and SMAs are reviewed and reconciled on a daily basis by the investment team to ensure that the structure and individual securities held are suitable and consistent with the objectives and strategies. In addition, the Firm's operations team monitors the Client portfolios to help ensure conformity with investment objectives and guidelines. The Firm also performs daily trade and cash reconciliations.

Reporting

The Firm will provide to each investor annual audited financial statements of the Funds, prepared in accordance with US GAAP or such other generally accepted accounting standards determined by the Directors and the Board from time to time within 120 calendar days of the end of each Financial Year.

Where required by the SEC, for the Funds with US investors and marketed to US investors, copies of the audited financial statements will be issued to all investors within 120 days of the Funds' fiscal year-end.

Item 14: Client Referrals and Other Compensation

The Firm or any related person of the Firm does not compensate third parties who provide referrals for advisory clients.

The Firm does not receive compensation from any sources other than from clients receiving investment advice.

The Firm may from time to time engage the services of others in marketing or selling or otherwise recommending the Funds or the Firm. The Firm may compensate such third parties with fees paid on a retainer or on a success basis.

Item 15: Custody

As required by the Hong Kong Securities and Futures Commission, Acion Partners does not maintain direct custody over client funds or securities. All assets are held at qualified custodians. The Funds each has its own fund administrator, prime broker and custodian who are independent of the Firm. Investors in the Funds receive monthly account statements from the fund administrators indicating the number of shares held by the investor, the price per share of each fund they own, and the total value of all the shares held by the investor.

Item 16: Investment Discretion

Acion Partners possesses discretionary portfolio management authority over the Funds and SMAs with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

Acion Partners has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account.

Item 17: Voting Client Securities

Where the Firm has responsibility for voting proxies, the Firm will take measures reasonably designed to ensure that they are voted in the best interest of its clients, which generally means voting with a view to enhancing the value of client securities. Financial interest of clients is the primary consideration in determining how their proxies should be voted. The Firm will generally refrain from voting unless there is a clear benefit to shareholders.

Below are some voting principles that the Firm may take into account in voting proxies whilst each situation must be judged on its own merits:

- In the absence of evidence to the contrary, the Firm will give considerable weight to management recommendations, except in the case of issues directly affecting the interests of management itself, such as management compensation;
- The Firm will in general support management recommendations about the internal operations of the Firm. Whilst proposal which is likely to have significant economic effect on the relevant company and its security-holders will be subject to greater scrutiny on a case-by-case basis;
- The Firm favours having strong independent directors and supports the delegation of key functions (such as compensation, audit and nominating committees) to independent directors and the Firm will in general oppose classification of directors

Item 18: Financial Information

Acion Partners has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.