

**Asturias Capital LLC**  
**601 Lexington Avenue**  
**New York, New York 10022**  
**(646) 677 8223**  
**June 23, 2017**

Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Asturias Capital LLC and its affiliates (collectively “Asturias” or “Adviser”). For more information on the disclosure requirements required for the Brochure see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/rules/final/2010/ia3060.pdf](http://www.sec.gov/rules/final/2010/ia3060.pdf).

If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Janine Krause (646 677-8223 / [jkrause@asturiascap.com](mailto:jkrause@asturiascap.com)). Additional information about Asturias is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Asturias is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Item 2: Material Changes**

Since the last annual ADV filing dated March 22, 2016 Asturias has hired a new CCO, Janine Krause.

As publicly announced on December 21, 2016, The Blackstone Group L.P. decided to terminate the investment program of Blackstone Senfina Advisors L.L.C. (“BSA”) and the private funds it managed. Formerly, BSA was Asturias’s sole client. Subsequent to this change, Blackstone Alternative Asset Management L.P. (“BAAM”) appointed Asturias as sub-advisor to the BEMAP Master Fund, Ltd.

Since the March 31, 2017 ADV filing, Asturias, on July 1, 2017, will be launching a new private fund consisting of the Asturias Capital Offshore Fund Ltd and the Asturias Fund LP, which are feeder funds in the Asturias Master Fund LP.

## Table of Contents

Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	5
Item 6: Performance Based Fees and Side-by-Side Management.....	7
Item 7: Types of Clients.....	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9: Disciplinary Information .....	14
Item10: Other Financial Industry Activities and Affiliations.....	17
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
Item12: Brokerage Practices.....	19
Item13: Review of Accounts.....	23
Item 14: Client Referrals and Other Compensation.....	24
Item 15: Custody.....	25
Item 16: Investment Discretion .....	26
Item 17: Voting Client Securities.....	27
Item 18: Financial Information .....	28

## **Item 4: Advisory Business**

Asturias is an investment advisory firm organized as a limited liability company under the laws of the State of Delaware. Francis Cueto, Managing Partner of Asturias, founded Asturias on January 9, 2015, and registered with the SEC on January 16, 2015. Asturias currently has six employees.

Asturias has \$506,368,373 as of May 31, 2017. Please note that this is an unaudited estimate. Currently, Asturias manages assets for one private investment fund in a sub-advisory capacity. As of July 1, 2017, Asturias will also manage the Asturias Capital Offshore Fund Ltd and the Asturias Fund LP (together, the “Feeder Funds”) which are feeder funds in the Asturias Master Fund LP (the “Master Fund” and together with the Feeder Funds, the “Asturias Funds”) each of which are a “Client” and collectively are the “Clients”.

In providing investment management services to its clients, the Adviser formulates its investment strategies and objectives and directs and manages the investment and reinvestment of each Client’s assets, and provides reports to Clients regarding portfolio investments. The Adviser manages the assets of each Client in accordance with each Client’s individual investment objective and any restrictions or guidelines set forth in each Client’s respective investment management agreement.

Interests in the Asturias Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Asturias Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Asturias Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

## **Item 5: Fees and Compensation**

Generally, each Client pays Asturias an annual management fee (the “Management Fee”). The Management Fee is payable quarterly in advance calculated in accordance with the methodology set forth in the applicable investment management agreement or governing fund documents. Asturias and its affiliates reserve the right to waive or reduce Management and Incentive Fees for certain individuals or entities, as may be determined in Asturias’s sole discretion.

As set forth in the applicable investment management agreement or fund governing documents, Asturias charges each Client a fee consisting one or more of an asset-based management fee, an incentive fee, and a fixed fee. Fee rates and calculation methodologies are set forth in the applicable investment management agreement or governing documents of the fund. Generally, Asturias charges management fees between 1.0 – 1.5% per year and an incentive fee ranging from 15 – 20%.

In the event a Client terminates during a quarter and has paid management fees in advance, such pre-paid management fees will be refunded to the Client on a pro rata basis based on the number of days the account was managed during the quarter. Any such refund will be made within 30 days.

Clients also bear trading costs, such as brokerage commissions, soft dollars, and other trading costs. Please review Item 12: Brokerage Practices for additional information.

The Asturias Funds will generally bear the following expenses, either directly or through the Master Fund: (i) expenses related to the research, execution and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, the following: third-party investment sourcing fees; consulting fees; fees and expenses of and related to obtaining research and market data (including, without limitation, data subscriptions (such as Bloomberg)); due diligence expenses including, without limitation, consulting and appraisal fees; investment and research related travel expenses; outsourced trading provider fees (currently Tourmaline Partners, LLC); brokerage and prime brokerage fees, commissions and expenses; expenses relating to borrowing securities to be sold short; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and other borrowing costs; fees and expenses of proxy research and voting services; and fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; (ii) organizational and offering fees and expenses, including preparation of the Private Placement Memorandum, the Limited Partnership Agreement, the Investment Management Agreement and the Subscription Agreement; fees and expenses of the Investment Manager incurred in connection with “world sky” matters and private placement regimes, including the European Alternative Investment Fund Managers Directive, and Form D and blue sky and similar fees and expenses, and (iii) operational expenses, including, without limitation, the following: front-office systems, including order management systems and third-party risk management products, models and services; third-party administrative fees and expenses, including fees and expenses of the Administrator (as defined below) and any middle office service provider; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys, accountants and tax preparers; the costs of any litigation or investigation involving activities of the Funds, including amounts paid in settlements thereof and attorneys’ fees; third-party audit and tax preparation expenses; the Funds’ allocable share of insurance expenses, including, without limitation, premiums for cybersecurity insurance and liability insurance (including directors and officers liability insurance and errors and omission insurance) covering the Funds, the General Partner, the

Investment Manager and the members, partners, officers, employees and agents of any of them, and each member of the Governance Committee (even if such insurance covers conduct for which indemnity would not be available from the Funds); fees and expenses associated with investor and director meetings (including, without limitation, travel-related expenses); fees and expenses associated with the Governance Committee; costs of preparing and distributing reports and notices to investors; entity-level taxes; fees and expenses related to compliance with applicable law and regulations in connection with the activities of the Funds, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, fees and expenses incurred in connection with filings for the Foreign Account Tax Compliance Act provisions of the United States Hiring Incentives to Restore Employment Act of 2010, filings pursuant to Automatic Exchange of Information and the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); extraordinary expenses, including, without limitation, the following: litigation expenses, the cost of settlements and indemnification expenses (including advances thereof); fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of any of the Funds.

The Investment Manager and/or the General Partner may, in their discretion, waive their right to be reimbursed for any of the foregoing expenses for any period of time. Generally, all expenses of the Funds will be borne by the Master Fund, other than any expenses that the General Partner determines in its discretion should be allocated to a particular Feeder Fund.

Although the Feeder Funds will generally share or be allocated the expenses of the Master Fund (including the expenses of the Feeder Funds, all of which are borne by the Master Fund) on a pro rata basis based on their respective ownership of the Master Fund, the economic benefit that each of the Feeder Funds receives with respect to such expenses may not be the same.

## **Item 6: Performance Based Fees and Side-by-Side Management**

As discussed in Item 5 above, Asturias receive a performance-based fee based upon the appreciation, if any, in the net asset value of Client accounts. As a result, the Adviser may have a conflict of interest between its responsibility to manage its Clients' investment portfolios and its interest in maximizing the performance-based fee. For example, the performance-based fee may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, the performance-based fees are not the product of an arm's length negotiation with any third party, and, because in some cases they are calculated on a basis which includes unrealized appreciation of Client assets, it may be greater than if such compensation were based solely on realized gains.

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

Asturias provides discretionary investment management services to one private investment fund in a sub-advisory capacity.

In addition, each of the Asturias Funds is a private investment fund. Each Asturias Fund relies on the exclusion from the definition of “investment company” provided by Section 3(c)(7) of the Investment Company Act. The minimum initial capital contribution for each of the Asturias Funds is \$5 million, subject to the discretion of the Adviser or the general partner of the Asturias Fund (if applicable) to accept lesser amounts or establish different minimums in the future. Investors in the Asturias Funds may include high net worth individuals, pension funds and profit-sharing plans, trusts, charitable organizations, institutions, endowments, fund of hedge funds, foreign sovereign wealth funds, family offices, and other entities.

Asturias also manages Client assets in separately managed accounts for certain investors.



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

### **Methods of Analysis and Investment Strategies**

Asturias pursues a fundamentally research driven, long/short equity strategy focused primarily on the technology, media, telecommunications and consumer industries. However, Asturias may invest opportunistically in any other sector at its own discretion. The universe of securities reviewed by Asturias includes both US and non-US issuers.

While the Adviser generally will invest in securities and other financial instruments in the technology, media, telecommunications and consumer industries, the Adviser has broad and flexible investment authority. Accordingly, the Adviser's investment strategy may at any time include long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies.

### **Summary of Certain Risk Factors**

Investing in securities and other instruments involves risk of loss that Clients should be prepared to bear. Asturias's investment strategy is not intended as a complete investment program and may not be suitable for all investors. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that any Client will achieve its investment objectives.

The following is a brief summary of certain of the more significant risks associated with Asturias's investment strategies.

**General** – Asturias's investment strategies are speculative and entail a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the merits and risks of the investment strategies and bearing the risks they represent, including the potential loss of their entire investment. There can be no assurance that Asturias will be able to achieve the investment objectives or that significant losses will not be incurred.

**Market Risk** – Asturias invests in and actively trades securities and other financial instruments or assets (including derivative instruments) using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the debt and equity markets. The prices of the financial instruments in which Asturias invests can be highly volatile. Price movements of equity, debt and other securities, instruments and assets in which Asturias is invested are influenced by, among other things, interest rates, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and national and international political and economic events and policies. Moreover, war, political or economic crisis, or other events may occur, which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time

intervene, directly and by regulation, in certain markets particularly those in currencies, financial instruments and derivative instruments. Such intervention often is intended to directly influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction, because of, among other things, interest rate fluctuations. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that Asturias's strategies will be successful in such markets.

Asturias may also incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships (on which Asturias may base a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, which may make it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events or government intervention in the markets may from time to time cause dramatic losses for Clients managed by Asturias, and such events can result in otherwise historically low risk strategies performing with unprecedented volatility and risk.

Asturias may invest a portion of the Client's assets in securities and instruments of issuers located outside the United States. Many financial markets are not as developed or efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. In addition, financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Moreover, investing in "developing" or "emerging" markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets.

**Instrument and Strategy Risk** – Asturias's investment strategies also face certain risks associated with the types of instruments in which they invest.

**Equity Instruments** – Asturias may invest Client assets in equity securities, including preferred or common stocks, and there is no limitation on the type, size or operating experience of the issuers in which Asturias may invest. A number of Asturias's strategies are based on attempting to predict the future price level of different equity or equity related securities. Numerous interrelated and difficult to quantify economic factors, as well as market sentiment, subjective and extraneous political and geopolitical factors, influence the prices of equities. There can be no assurance that Asturias will be able to predict future price levels correctly. While diversification among issuers may mitigate these risks, Asturias is not required to diversify its investments in equity securities, and investors should expect fluctuations based on market conditions in the value of equity securities held by the Client.

**Debt and Credit-Related Instruments** – Asturias may make long and short investments in debt securities and other credit-related instruments without limitation. Debt and credit-related instruments are subject to interest rate risk, credit risk, risk of default, prepayment risk and other risks. Lower rated and unrated securities in which the Adviser may invest are subject to volatility, have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Distressed securities involve a substantial degree of risk, including high volatility, uncertainty of payment, risks and costs of litigation, corporate workouts and reorganizations. Investments in bankrupt and insolvent companies

generally are illiquid and involve additional risks and costs.

***Special Situations and Event Driven Investments*** – Asturias may invest in companies involved in or undergoing workouts, liquidations, spinoffs, reorganizations, bankruptcies or other changes or similar transactions. In any investment opportunity involving any such type of special situation, there is a risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution to a Client of cash or a new security, the value of which may be less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by a Client of its entire investment in such companies.

***Convertible Securities*** - Asturias may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

***Small to Medium Capitalization Companies*** – Asturias may invest in the stocks of companies with small to medium-sized market capitalizations. While Asturias believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks may be more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be less liquid than that of larger capitalization stocks.

***Derivatives*** – Asturias may use derivatives, including futures, options, swaps and forward contracts, in its investment program and for hedging purposes. The use of such instruments entails various risks, including pricing, legal, counterparty, operational, liquidity and leverage risks. Derivative instruments that may be purchased or sold on behalf of a Client include privately negotiated principal to principal transactions in which performance is the responsibility of the individual counterparty and not an organized exchange or clearinghouse. The risk of nonperformance by the counterparty on such transactions may be greater and the ease with which the Adviser can replace such transactions with another counterparty may be less than in the case of exchange traded instruments. Other risks include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Such transactions are also not subject to the same type of government regulation as exchange traded instruments, and therefore many of the protections afforded to participants in a more regulated environment may not be available.

***Options*** - The purchase or sale of an option involves the payment or receipt of a premium by the investor

and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a theoretically unlimited loss). Over-the-counter options also involve counterparty solvency risk.

**Short Selling** – Asturias’s investment strategy involves entering into short sale positions, both directly and indirectly through the use of credit default swaps, options and other derivative instruments. In certain cases, a short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Client of buying that security to cover the short position. If the Adviser is not able to maintain the ability to borrow securities sold short, it can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. In addition, certain market participants could accumulate such securities in a “short squeeze,” which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Illiquid Investments** – Certain of the investments made by Asturias may be or become illiquid and involve a high degree of business and financial risk that could result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take Asturias longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid investments could be less than those originally paid. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities. The Adviser has established liquidity parameters that govern the Adviser’s investments in illiquid securities.

**Non-U.S. Investments** – Asturias may invest in the equity, debt or other securities and instruments of issuers located outside the United States. These securities and instruments may be affected by political, social, and economic uncertainty affecting a country or geographic region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different from that of the United States, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Income received by a Client from sources within some countries may be reduced by withholding taxes imposed by such countries.

**Leverage** – Asturias may borrow funds and enter into agreements in connection therewith and may also leverage investment returns with options, short sales, swaps, forwards, credit derivatives and other derivative instruments. The amount of borrowings which the Client may have outstanding at any time may be substantial in relation to its capital. Any event that adversely affects the value of a Client’s investment

would be magnified to the extent that a Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to a Client's investments could result in a substantial loss to a Client, which would be greater than if the Client were not leveraged. The use of leverage may create interest expenses for the Client, which can exceed the investment return from the borrowed funds.

***Turnover and Transactions Costs*** – Asturias actively manages the Client's portfolio. The turnover rate of a Client's investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transactions costs. In particular, many investments, including those that are not readily marketable, may involve higher bid ask spreads than investments that are exchange traded.

***Lack of Diversification*** - The Adviser's portfolios will primarily be invested in securities and other financial instruments in the technology, media, telecommunications and consumer universe and may not be widely diversified among sectors, industries, issuers, types of securities or geographic areas. Accordingly, the Adviser's portfolios may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wide diversification.

***Counterparty Risk*** – The Client is exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Client to suffer a loss. Such "counterparty risk" is accentuated where Client accounts have concentrated transactions with a single counterparty or small group of counterparties. The lack of a complete and "foolproof" way to evaluate the financial capabilities of the Adviser's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Client.

Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges.

***Brokerage and Custodial Risk*** - There are risks involved in dealing with the custodians or prime brokers who settle Client trades, as there is no guarantee that they will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Adviser and/or the prime brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the Client's assets. The prime brokers may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided by a custodian may not be available to the Client. Under certain circumstances, including certain transactions in which the Client's assets are pledged as collateral for leverage from a non-broker-dealer

custodian or a non-broker-dealer affiliate of the prime brokers, or where the Client's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Client's rights to their assets in the case of a bankruptcy or insolvency of any such party.

***Conflicts of Interest*** – Potential conflicts of interest may arise between Asturias and its affiliates, on the one hand, and its Client on the other. Asturias and its affiliates may in the future manage or sponsor other investment funds or investment vehicles with objectives that may differ from the current Client, or funds with objectives that are similar to or overlap with the current Client. Other conflicts of interest may arise with respect to (i) the compensation paid to Asturias and its affiliates by the Client; (ii) the allocation of time and resources by Asturias and its affiliates and their employees among the Client, and to other business; (iii) the allocation of investment opportunities in the event the Adviser manages more than one Client; and (iv) valuation of assets.

***Conflicts of Interest Relating to the Incentive Allocation*** - The allocation of a percentage of the Client's net profits to the Adviser may create an incentive for the Adviser to cause the Client to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

***Legal, Regulatory, and Tax Risk*** – Legal, regulatory, and tax developments that may adversely affect the Client could occur at any time. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

There has been an increase in government, as well as self-regulatory, scrutiny of the alternative investment industry in general, and Asturias's activities may be subject to new or additional regulatory constraints in the future. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds and their trading activities may adversely affect Asturias's ability to pursue its investment strategies.

***Material, Non-Public Information*** - By reason of their responsibilities in connection with activities of the Advisor, from time to time, certain employees of the Advisor may acquire confidential or material non-public information and thus be restricted from initiating transactions in certain securities. In addition, the Advisor is subject to certain client-imposed restrictions with respect to the trading of securities issued by

certain Blackstone portfolio companies, and therefore may not initiate transactions on behalf of its client in those securities. Due to these restrictions, the Advisor from time to time will likely not be able to initiate a transaction that it otherwise might have initiated and from time to time will likely not be able to sell an investment that it otherwise might have sold.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Asturias nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past ten (10) years that would require disclosure in response to this Item.



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

The Adviser organizes and sponsors the Asturias Funds, which are private investment companies and partnerships. Each of these pooled investment vehicles is controlled by an affiliate of the Adviser acting as the general partner for the vehicle. The Adviser and its affiliate serving as the general partner for the relevant vehicle will be responsible for all decisions regarding portfolio transactions of the vehicle and have full discretion over the management of its investment activities. Neither the Adviser nor any of its management persons are registered, or has an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of any of the foregoing entities.

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

### Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Asturias has adopted a written Code of Ethics (the “Code”) based on the principle that the Adviser owes a fiduciary duty to its Clients. The Code is designed to address and prevent potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Asturias (the “Employees”), each Employee’s spouse, minor children and other family members living in his or her household (the “Related Persons”), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by the Adviser (collectively the “Covered Persons”). The Adviser requires its Employees to act in its Clients’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

The Adviser’s policies prohibit most personal trading by its Employees, except for certain securities that are exempt (e.g., open ended mutual funds and exchange traded funds “ETFs”). Asturias endeavors to maintain current and accurate records of all personal securities accounts of its Covered Persons in an effort to monitor any personal trading activity. A copy of Asturias’s Code is available upon written request to: Janine Krause, Chief Compliance Officer, Asturias Capital, LLC, 601 Lexington Avenue, New York, New York 10022 or by calling (646) 677-8223.

Certain transactions in which Asturias engages may require, for either business or legal reasons, that no Covered Person trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all Covered Persons. No Covered Person may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer.

## **Item 12: Brokerage Practices**

### **General**

Asturias has sole discretion to determine, subject to the Client's investment objectives, guidelines, and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the Client, and the commission rates or mark-ups/mark-downs to be paid for such transactions. A more detailed discussion of how Asturias makes use of this authority follows.

While Asturias is authorized to determine the broker or dealer to be used for each securities transaction for the Client, it has delegated this authority to the third party trader. In selecting brokers or dealers to effect portfolio transactions, the third party trader will seek "best execution" taking into account such factors as the third party trader determines to be relevant, which may include price (including the applicable brokerage commission or mark-up or mark-down), size of the order, difficulty of execution, the operational facilities and reliability of the firm involved, the firm's promptness of execution, adequacy of the firm's trading infrastructure, technology and capital, the quality of service rendered to the third party trader in other transactions, confidentiality considerations, the firm's financial stability and reputation, special execution capabilities, access to underwritten offerings, secondary markets and over-the-counter investment opportunities, the availability of bonds or stocks to borrow for short trades, the firm's ability to accommodate any special execution or order handling requirements that may surround a particular transaction, any research or brokerage products or services provided by such brokers or dealers, and such other factors as the third party trader deems appropriate. The third party trader need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread available. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by a broker-dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions because transactions are allocated on the basis of all the considerations described above.

Client securities transactions generate a substantial amount of brokerage commissions and other compensation, all of which the Client, not Asturias, is obligated to pay. Asturias and the third party trader utilized by Asturias have discretion in deciding which brokers and dealers are used and in negotiating the rates of compensation the Client pays. In addition to using brokers as "agents" and paying commissions, the Client may buy or sell securities with dealers who act as principals at prices that include mark-ups or mark-downs, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers. In addition, from time to time Asturias may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker-dealer used by the Client may acquire or dispose of a security through a market maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a mark-up/mark-down. Asturias believes that the use of a broker-dealer in such instances can provide anonymity in connection with a transaction. In addition, a broker-dealer may, in certain cases, have greater expertise or ability in accessing the markets and executing a transaction.

As noted above, Asturias executes trades via an outsourced trading provider. Asturias will communicate all orders to the third party trader and other brokers. Trades may be executed via (i) instant messenger, either by Bloomberg or the third party trader's order management system; (ii) telephone; and (iii) electronic order entry over a trading system.

## **Soft Dollars**

From time to time, Asturias causes a Client to pay a broker or dealer commissions (or mark-ups or mark-downs with respect to certain types of riskless principal transactions) at a higher rate than that which another broker or dealer might have charged for effecting the same transaction in recognition of the value of the brokerage and research services provided by the broker or dealer. The use of any commissions or "soft dollars" to pay for research or brokerage products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Products or services that may be furnished or paid for by brokers or dealers may include, without limitation, research products and services such as research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, performance measurement data, consultations, economic and market recommendations, general reports, quotation services, as well as other brokerage products and services, such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services, as well as certain conferences sponsored by brokers.

Research obtained by the use of commissions arising from portfolio transactions may be used by Asturias or its affiliates in its other investment activities and to service other Clients, and therefore the Clients that generated the commissions used to obtain the research may not, in any particular instance, be the direct or indirect beneficiary of the research provided. Under Section 28(e), research or brokerage services obtained with soft dollars generated by a Client may be used by Asturias to service other clients. Where a product or service obtained with soft dollars provides assistance both within the safe harbor created by Section 28(e) of the Exchange Act and outside of the safe harbor, Asturias will make a reasonable allocation of the costs that may be paid with soft dollars and pay the remaining portion using Asturias's own hard dollars. The portion of the cost of such products and services that Asturias allocates to be paid with soft dollars generated by a Client will be borne indirectly by the Client, rather than directly by Asturias. The Management Fee will not be reduced as a result of the use of soft dollars. Asturias may derive substantial direct or indirect benefits from the use of soft dollars, as they may not otherwise have to produce, develop or acquire such research, products or services. Accordingly, the relationships with brokerage firms that provide soft dollar services may influence the judgment of Asturias in allocating brokerage business and create a conflict of interest in using the services of those brokers or dealers to execute brokerage transactions.

By using our Clients' commissions, we receive a benefit because we do not have to pay for this research with hard dollars. This creates a conflict of interest because we may have an incentive to select a broker-dealer in order to receive research, not because that broker-dealer is providing best execution. We believe

that by using Client Commission Agreements (“CCAs”), we can more effectively address those conflicts. CCAs allow us to separate the costs of trade execution from those of research. We are able to compensate research providers even when we do not use them for trade execution. The CCAs allow Asturias to unbundle the costs of research and execution.

Brokers execute trades at execution rates that have been negotiated separate from the cost of research. The agreements allow for the creation of pools of credits that Asturias directs the executing broker-dealers to use to compensate research providers. Asturias monitors these pools of credits.

Use of our CCAs are subject to the Adviser’s policy of seeking best execution and come within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, which permits the payment of commissions that exceed commissions other broker-dealers may charge if Asturias determines that the commissions are reasonable in relation to the research or brokerage services provided.

### **Execution Risk - Trade Errors**

Asturias’s trading activity involves multiple instruments, multiple broker-dealers and multiple counterparties. Further, the execution of the trading and investment strategies employed by Asturias may require a high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or novel instruments. However, in light of the foregoing, some slippage, trade errors and miscommunications with broker-dealers and counterparties may occur and result in losses. As a general principle, Asturias seeks to avoid trade errors. The Client bears any loss resulting from trade errors that are not the result of the Advisor’s gross negligence or willful malfeasance. To the extent that an error occurs, it is corrected as soon as possible and the reason for the error is investigated and evaluated in order to prevent the error occurring again. To the extent an error is caused by a counterparty, such as a broker-dealer, Asturias will attempt to recover any loss associated with such error from such counterparty. In the event an error is deemed to be the result of Asturias’s gross negligence or willful malfeasance, Asturias will bear any resulting losses.

### **Order Aggregation and Average Pricing**

If the Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Adviser may, but will not be obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client’s participation in the order (or allocation in the event of a partial fill) as determined by the Adviser. In the event of a partial fill, allocations may be modified on a basis that the Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades are generally processed in the order that they are placed with the broker or counterparty selected by the Adviser. As a result, certain trades in the same security for one client (including a client in which the Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed

later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

### **Allocations of Trades and Investment Opportunities**

Conflicts of interest may arise from the fact that the Adviser and its affiliates may provide investment management services to multiple clients, including, without limitation, investment funds, separately managed accounts, proprietary accounts and other investment vehicles.

It is the policy of the Adviser to allocate investment opportunities between clients fairly, to the extent practical and in accordance with the relevant applicable clients' investment strategies, over a period of time. Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate. Generally, trades will be allocated across accounts based on each account's net asset value, adjusted for changes in cash due to capital activity or buying power, in accordance with the Adviser's trade allocation policy.

The Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to a client solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to another client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for a particular client. In particular, when one client is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than other clients in order to obtain its desired risk and portfolio size.

### **Principal and Cross Trades**

The Adviser does not intend to allow principal trades or cross trades between client accounts.

### **Capital Introduction**

From time to time, brokers (including prime brokers) may assist an Asturias Fund in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Adviser may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in an Asturias Fund may encounter representatives of the Adviser. Brokers may also provide other services. Although neither the Adviser nor any Fund compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Adviser in deciding whether to use such broker in connection with brokerage, financing and other activities of its clients. Subject to its obligation to seek best execution, the Adviser may consider referrals of investors to the Funds in determining its selection of brokers. However, the Adviser will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

### **Item 13: Review of Accounts**

The portfolio accounts of the Clients are reviewed on a daily basis by the Adviser's (i) Portfolio Manager, (ii) Chief Compliance Officer, and (iii) other investment and middle/back office employees. On a daily basis, the Operations Team reconciles all of the Clients' cash and positions against the Prime Brokers' records. The Asturias Funds will also undergo an annual audit by KPMG LLP. The Adviser's fund administrator will also independently confirm pricing, valuation, and fee calculations on a monthly basis and the Operations Team will reconcile the Asturias Funds to these official books and records.

Investors in the Funds will receive (i) monthly capital account statements directly from the fund administrator; (ii) monthly reports that include details regarding fund performance, number of positions, sector and geographic exposures, and equity exposures; (iii) quarterly investor letters that provide a narrative description of the events of the previous quarter; and (iv) annual tax reports and audited financial statements.

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

The Adviser does not currently compensate any person for referrals of clients. However, the Adviser may in the future enter into arrangements with marketing or placement agents to assist with the marketing of the Asturias Funds to investors.

Broker-dealers (including, without limitation, prime brokers) and other counterparties may provide a variety of services, including capital introduction services. The Adviser is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services.



## **Item 15: Custody**

Under Rule 206(4)-2 of the Advisers Act, the Adviser is deemed to have custody of the securities and other assets of the Asturias Funds even though the Adviser does not physically hold the securities and other assets, and even though such securities and assets are not held or registered in the Adviser's name. Rule 206(4)-2 imposes certain requirements on registered investment advisers who have actual or deemed custody of client assets; however, the Adviser is exempt from many of the provisions of that rule because each of the Asturias Funds will be audited in accordance with US generally accepted accounting principles on an annual basis by KPMG LLP, an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements are distributed to each investor in the Asturias Funds within 120 days of the end of each Asturias Fund's fiscal year.

## **Item 16: Investment Discretion**

Asturias has sole discretion to determine, subject to each Client's investment objectives, guidelines, and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions, and the commission rates or mark-ups/mark-downs to be paid for such transactions.

## **Item 17: Voting Client Securities**

In accordance with Rule 206(4)-6 of the Advisers Act, Asturias has adopted and implemented written policies and procedures governing the voting of Client securities. All proxies that Asturias receives will be treated in accordance with these policies and procedures.

Asturias has delegated proxy voting authority to Institutional Shareholder Services, Inc. (“ISS”).

The proxy voting policy provides, among other things, that in general, if there is a conflict of interest or possible conflict of interest between the applicable Client, on the one hand, and Asturias, on the other, the proxy will be voted in the best interest of the applicable Client. If Asturias determines that any such conflict of interest exists or may be perceived to exist when voting a proxy, Asturias may, at its own discretion, resolve such conflict by: (i) delegating the voting decision for such proxy proposal to an independent third party (i.e., ISS); (ii) delegating the voting decision to an independent committee of partners, members, directors or other representatives of the Clients, as applicable; or (iii) obtaining approval of the decision from Asturias’s Chief Compliance Officer. Clients do not have the right to direct Asturias on how to vote on a particular matter.

There may be circumstances in which refraining from voting a proxy is in a Client’s best interest including, without limitation, when and if Asturias determines that the cost of voting the proxy exceeds the expected benefit to the Client. The Adviser in its discretion may also abstain from voting a client proxy if it concludes that the effect on shareholders' economic interests or the value of the portfolio holding is indeterminable or immaterial. Furthermore, the Client may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the Client would receive by voting the proxies involved. In such cases, Asturias may decide it is in the best interests of the Client not to vote the applicable proxies.

Clients may obtain a copy of Asturias’s Proxy Voting Policies and Procedures and information on how securities have been voted upon by submitting a written request directed to: Janine Krause, Chief Compliance Officer, Asturias Capital, LLC, 601 Lexington Ave, New York, New York 10022 or by calling (646) 677-8223.

## **Item 18: Financial Information**

Asturias is not required to provide a balance sheet as it (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; and (iii) has not been subject to any bankruptcy proceeding during the past ten (10) years.