

Roubaix Capital, LLC  
1401 17<sup>th</sup> Street, Suite 1150  
Denver, CO 80202  
(303) 209-4100  
Fax: (303) 209-4101  
CRD 269879

This brochure provides information about the qualification and business practices of Roubaix Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (303) 209-4100, or by email at [info@roubaixcapital.com](mailto:info@roubaixcapital.com). Roubaix Capital, LLC is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

February 14, 2017

## **Item 2: Material Changes**

Please note that this section of our brochure reflects only material changes that have occurred since the last annual release of our brochure. The brochure has been updated to reflect information on certain investment advisory clients of the firm.

## TABLE OF CONTENTS

Item 1: Cover Page .....	Cover
Item 2: Material Changes.....	1
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Fees and Compensation.....	4
Item 6: Performance Fees and Side by Side Management .....	6
Item 7: Types of Clients.....	8
Item 8: Methods of Analysis, Investment Strategy and Risk of Loss.....	9
Item 9: Disciplinary Action .....	12
Item 10: Other Financial Activities and Affiliations .....	13
Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading .....	14
Item 12: Brokerage Practices .....	16
Item 13: Review of Accounts .....	20
Item 14: Client Referrals and Other Compensation.....	21
Item 15: Custody.....	22
Item 16: Investment Discretion.....	23
Item 17: Proxy Voting .....	24
Item 18: Financial Information .....	25

## Item 4: Advisory Business

Roubaix Capital, LLC (the “Advisor”), was formed in 2015. The principal member of the Advisor is Christopher E. Hillary. As of December 31, 2016, the Advisor served four clients with approximately \$132 million in Regulatory Assets Under Management (RAUM) as defined in the instructions to Form ADV, all of which is currently managed on a discretionary basis. The Advisor does not, as of December 31, 2016, manage any assets on a non-discretionary basis.

The Advisor provides investment advisory and portfolio management services to its advisory clients (each, an “Advisory Client” and collectively, the “Advisory Clients”), which include (as defined below) Roubaix Fund, L.P. (the “Roubaix Fund”), and Calor Fund, L.P. (the “Calor Fund”). In addition, the Advisor may provide advisory services to separately managed accounts or sub-advisory services to certain pooled investment vehicles.

The Roubaix Fund and the Calor Fund are structured to rely on exclusions from the definition of an “investment company” under the Investment Company of 1940 or are otherwise not subject to registration with the SEC, and as such are not registered investment companies.

The Advisor, an investment advisor registered with the SEC, is the General Partner of the Roubaix Fund and the Calor Fund, which are both Delaware private investment limited partnerships.

The Advisor does not participate in wrap fee programs.

### Portfolio Management

Subject to the Advisory Clients’ stated investment objectives, restrictions and policies, or the terms of the Advisor’s investment management agreement, the Advisor generally has the sole responsibility for determining which general investment strategies are to be employed in managing the portfolios of the Advisory Clients to achieve the Advisory Clients’ investment objectives.<sup>1</sup> Additionally, the Advisor is typically responsible for the actual management of the portfolios of the Advisory Clients, including the selection of the portfolio securities and specific purchase and sale decisions.

The Advisor’s provision of investment advisory services is typically tailored to each Advisory Client, generally through the Advisor’s assessment of the Advisory Client’s particular characteristics, investment objectives, and investment limitations.

Limitations on investments, if applicable, for the Roubaix Fund and the Calor Fund can be found in the Agreement of Limited Partnership and Private Placement Memorandum. Other clients, such as the Advisor’s separately managed accounts or sub-advisory clients, may also negotiate their own investment limitations.

---

<sup>1</sup> Please see Item 8 for further details on the investment strategies employed by the Advisor.

## Item 5: Fees and Compensation

Fees charged by the Advisor are generally not negotiable. With respect to the Roubaix Fund and the Calor Fund, the Advisor may, in its capacity as General Partner for those limited partnerships, waive some or all of applicable fees in its sole discretion, subject to the limited partnership agreements for each.

### Management Fees

The Advisor receives a management fee equal to 1.15% of the net asset value of each client per year for the Roubaix Fund and the Calor Fund's Founders Class interests and 1.50% of the net asset value of each client per year for the Calor Fund's Non-Founders Class interests, which will be issued when the Calor Fund's assets exceed fifty million U.S. dollars (\$50,000,000). Management fees are paid in arrears, and the amount due each month is one twelfth of 1.15% of the Net Asset Value at month end.

Fees paid by the Roubaix Fund and Calor Fund are paid directly from the accounts upon calculation by the Administrator and approval by the General Partner.

With respect to the Advisor's separately managed accounts or sub-advisory relationships, the Advisor typically charges a management fee equal to or between 0.80% and 1.50% of the net market value of the account. Fees for separately managed accounts will be negotiated on a case by case basis. Actual fees may vary from fees set forth in the schedule based on factors including, but not limited to, circumstances specific to particular investors, the complexity of the strategy involved and compliance requirements of a particular investor. Fees paid by separate accounts will be calculated and paid by the client and are not directly withdrawn from the client's account.

### Refundable Fees

Typically upon termination of any agreement, any prepaid, unearned fees will be promptly refunded, subject to any transaction expenses associated with the liquidation of an account. Clients may inquire about any refundable fees by contacting the Advisor at (303) 209-4100.

### Performance Fees

The Advisor may charge a performance-based fee in addition to the fees addressed in this Item 5. Please see Item 6 for further details on performance fees. The Advisor does not charge additional fees or receive additional compensation beyond what is described here in Item 5 and in Item 6 below.

### Other Fees and Expenses

In addition to the management fees and performance fees paid to the Advisor, each client is typically responsible for certain operating expenses related to their account, either directly or

indirectly to the extent the client is an investor in a pooled fund. Each client's agreement with the Advisor or limited partnership agreement, as applicable, specifies the operating expenses to be borne directly or indirectly by the client. In general, the following expenses are considered operating expenses, and all or some of the following may be the responsibility of the Advisory Client:

- Costs and expenses incurred in connection with the evaluation, acquisition, monitoring or disposition of investments, including, without limitation, brokerage commissions <sup>2</sup>, research fees, interest on margin accounts and other indebtedness, borrowing charges on investments sold short, interest and commitment fees, custodial fees, bank service fees, transfer taxes and premiums, and legal, accounting, consulting, and information services related to the discovery, investigation, development, making, management and disposition of investments (whether or not consummated).
- All expenses incurred in connection with financial statements, reports, tax returns and Schedule K-1s (or similar schedules).
- All fees and disbursements of attorneys and accountants relating to the client's matters.
- All taxes and other governmental charges that may be incurred or payable by the client.
- All insurance premiums or expenses incurred by the client in connection with the activities of the client.
- All expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the client or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the client including the amount of any judgments, settlements or fines paid in connection therewith, except to the extent the amounts are indemnified by the Advisor.
- All costs and expenses incurred in connection with the dissolution, winding up, or termination of the client.
- All costs and expenses incurred in connection with computing the value of the assets of the client.
- All Administration Fees, these include all costs and expenses incurred in connection with the accounting, valuation and other administration services provided to the client by the client's administrator.
- All expenses related to any indemnification obligations the client has granted to the Advisor.

---

<sup>2</sup> Please see Item 12: Brokerage Practices for further information related to brokerage commissions and research fees.

## Item 6: Performance Fees and Side by Side Management

The Advisor typically receives a performance fee (incentive allocation) equal to fifteen percent (15%) of the net realized and unrealized profit for (i) the Roubaix Fund and (ii) the Calor Fund's Founders Class interests, and twenty percent (20%) of the net realized and unrealized profit for Calor Fund's Non-Founders Class interests, which will be issued when the Calor Fund's assets exceed fifty million U.S. dollars (\$50,000,000). The performance fee is generally subject to a high water mark such that in the event a capital account of a limited partner suffers a net loss in a particular period, no performance fee will be due to the Advisor for such period or any subsequent period until such net loss is first recovered.

Fees paid by the fund are paid directly from the accounts upon calculation by the Administrator and approval by the General Partner.

The Advisor may receive a performance fee from its separately managed accounts or from its sub-advisory relationships, the amount of which varies from twelve percent (12%) to twenty percent (20%) of the net realized and unrealized profits with respect to each such client as of the anniversary year or calendar year, depending on the agreement in question and certain other factors. The performance fee may be subject to a high water mark such that in the event a portion of such an account suffers a net loss in a particular period, no performance fee will be due to the Advisor for such period or any subsequent period until such net loss is first recovered. Exceptions to the standard period for calculation including upon account termination, are addressed within the agreement specific to each such account.

The fees for each separate account will be negotiated on a case by case basis. Actual fees may vary from fees set forth in the schedule based on factors including, but not limited to, circumstances specific to particular investors, the complexity of the strategy involved and compliance requirements of a particular investor. Fees paid by separate accounts are calculated and paid by the client and are not directly withdrawn from the client's account.

### Management Fees

The Advisor charges management fees in addition to the fees addressed in this Item 6. Please see Item 5 for further details on these fees. The Advisor does not charge additional fees or receive additional compensation beyond what is described here in Item 6 and in Item 5 above.

### Conflicts Related to Performance Fees

Certain conflicts are inherent to the existence of performance fees. These conflicts may become more prevalent when certain accounts are charged performance fees while others are not. The Advisor has established a Code of Ethics<sup>3</sup> in which the Advisor outlines its fiduciary duty to act in the best interest of its clients at all times. The Advisor further seeks to mitigate these risks whenever possible through policies and procedures.

---

<sup>3</sup> Please see Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading for further details on the Code of Ethics the Advisor has in place.

*Incentive to Take More Risk Where Performance Fees are Available*

One risk inherent to the existence of performance fees is the incentive for the Advisor to take greater risks in hopes of earning greater performance fees.

The Advisor seeks to mitigate this risk in a variety of ways. The use of a high water mark by the Advisor creates an incentive to balance risk and reward potential as any losses by clients will need to be regained before incentive fees are received. The Advisor also regularly monitors the risk of individual investments and the portfolio of each Advisory Client as a whole and has established general guidelines for reviewing investments that have lost value.<sup>4</sup>

*Incentive to Favor Performance Fee Paying Accounts During Allocation*

Another risk inherent to the existence of performance fees is the incentive to favor certain clients during the allocation process so that the clients that pay performance fees receive better allocations.

The Advisor typically allocates investments on a pro rata basis. The Advisor currently employs two strategies, and each strategy trades independent of the other strategies although a block trade may be executed for all strategies. Each Advisory Client typically receives its pro rata share of any trade placed by the strategy that the Advisory Client belongs to. In the event that an Advisory Client has trading or investment restrictions that would limit that client's participation in an investment, that client will receive the amount it is eligible to receive and the remaining portion of the trade would be allocated pro rata among the other clients. Varying regulatory requirements applicable to the Advisory Clients may also affect the allocation of trades. The pro rata allocation methodology is built into the trading system that the Advisor uses, which assists the Advisor in mitigating the risk that one client receives preferential treatment during the allocation process.

---

<sup>4</sup> Although the Advisor seeks to mitigate certain risks, investments may lose value. Please see Item 8: Methods of Analysis, Investment Strategy and Risk of Loss for further details regarding the risk of loss associated with investing.



## Item 7: Types of Clients

The Advisor generally serves two categories of clients: pooled investment vehicles and separate accounts.

### Pooled Investment Vehicles

The Advisor provides advisory services to pooled investment vehicles that are: (i) structured to operate under exclusions from registration under the 1940 Act; or (ii) otherwise not subject to registration under the 1940 Act. Interests in these pooled investment vehicles are typically exempt from registration under the Securities Act of 1933, as amended (the “1933 Act”), in accordance with private placement exemptions that are available under Regulation D and Section 4(a)(2) of the 1933 Act.

As a consequence, investors in these particular pooled investment vehicles must typically meet certain financial criteria. Investors in these particular pooled investment vehicles must demonstrate that they are “accredited investors,” and, depending on the vehicle in which they invest, may also have to establish their status as “qualified clients” or “qualified purchasers.” The precise financial criteria associated with these requirements are set forth in more detail in the respective subscription agreements of those investment vehicles.

Investments in these pooled investment vehicles are typically subject to an account minimum of \$1,000,000, which may be waived in certain circumstances at the sole discretion of the Advisor. Investors in these vehicles may include affiliated parties of the Advisor, institutions, funds of funds, family offices, endowments, foundations, and high net worth individuals.

The Advisor may also serve in a sub-advisory capacity to certain pooled investment vehicles. In such instances, the Advisor is typically not in a position to prescribe the terms and conditions of investment in those pooled vehicles, which are usually determined by the primary advisor and discussed in the offering documents for such vehicles.

### Separate Accounts

The separate managed accounts served by the Advisor generally require a minimum investment of \$5,000,000, which may be waived in certain circumstances at the sole discretion of the Advisor.

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

### Investment Strategy

The Advisor generally seeks to generate long-term compounded annual returns with less risk (i.e. volatility) than that of the stock market in general. The Advisor typically recommends investing in a portfolio of both long and short positions consisting primarily of publicly-traded common stocks. The Roubaix Fund utilizes this investment strategy by investing primarily in publicly traded stocks of small- and mid-capitalization companies. The Calor Fund utilizes this investment strategy by investing primarily in stocks of companies engaged in the healthcare sector with no market capitalization restriction. These strategy discussions are qualified in their entirety by the limited partnership agreements and private offering memoranda of the respective entities, which provide, among other things, that the Advisor may depart from its stated strategies from time to time.

### Methods of Analysis

The Advisor follows a research-driven, bottom-up stock selection process on both the long and short side whereby investment decisions are based upon extensive analysis of the business and financial fundamentals concerning particular companies and their industries. The Advisor assesses a company's investment value and seeks to capitalize on significant differences between the current market price of a company's stock and its current or expected future investment value.

Specifically, investment ideas are evaluated in terms of identifiable drivers of potential value creation or destruction, including the strength or weakness of the business model itself, the pedigree of the fiduciaries, and the advantages or challenges created by the company's financial structure. For long investments, the Advisor generally recommends companies where the research indicates a significant upside opportunity relative to downside risks. For short investments, the Advisor generally recommends companies where the research highlights weak or deteriorating fundamentals and unattractive valuations indicating significant downside risk.

In evaluating potential investments, the Advisor may rely on information from a variety of sources including, but not limited to, public corporate filings with the U.S. Securities and Exchange Commission, company press releases and earnings reports, industry events, conference calls and one-on-one meetings with company management, financial newspapers and magazines, and research provided by third parties. The Advisor also utilizes electronic data feeds and research tools from third party vendors.

The Advisor may use some or all of the investment methodologies described here. There is no assurance that the Advisor's application of these methodologies will be successful, nor is there any assurance that the information and data upon which we rely will always be fully accurate or unbiased.

## Risk of Loss

### *General Risk of Investing*

Investing in securities involves a substantial risk of loss to the value of investments. Each client or investor should be prepared to bear the risk of losing a substantial amount of their investment up to and including all assets invested. The Advisor recommends both long and short investments. Long securities risk a loss equal to the amount invested, short securities have a risk of unlimited loss. The Advisor seeks to manage risk on several levels but does not attempt to hedge against all possible exposure nor does the Advisor attempt to maintain neutrality to the market, sector, industry or any other risk factor. Performance is subject to numerous factors that are neither within the control of or predictable by the Advisor including economic, political, competitive and other conditions. A non-exhaustive list of the significant risks related to the method of analysis and the investment strategies of the Advisor is outlined below. A more thorough listing of risks associated with the Roubaix Fund and the Calor Fund can be found in the offering documents (such as a private placement memorandum or prospectus) specific to that investment vehicle.

### *Lack of Diversification*

The portfolio recommended by the Advisor is not generally diversified among a wide range of securities, industries or asset classes. As such, the portfolio may be exposed to wider fluctuations in portfolio value than otherwise would be the case if the portfolio were required to maintain a high degree of diversification among its investments.

### *Short Sales*

Certain of the Advisory Clients may engage in short sales. Selling securities short risk losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed.

### *Small- and Mid-Capitalization Stocks*

These securities are often less liquid which may result in greater risks than larger companies.

### *Options*

Although option techniques may increase investment return, they may also involve a relatively higher level of risk. The expiration of unexercised long options effectively results in loss of the entire cost, or premium paid for the option. The writing on an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the Client's cost of selling or purchasing the underlying securities in the event of exercise of the option.

### *Exchange Traded Funds ("ETF")*

The market price of an ETF may be above or below the net asset value. An active trading market might not always exist for an ETF. Trading of an ETF's shares may be halted if the listing exchange's officials deem such actions appropriate, the shares are delisted or in the event that "circuit breakers" are activated.

### *Non-U.S. Investments*

Non-U.S. investments include investments denominated in non-U.S. currencies or traded outside the United States. Risks specific to these investments include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation, and economic or political instability in foreign nations.

#### *Leverage*

While leverage could increase the opportunity to achieve higher returns on the amounts invested, it also could increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular could affect the results of investments using leverage.

#### *Systematic Risk*

World events and/or the activities of one or more large participants in the financial markets and other events or activities of others could result in a temporary systematic breakdown in the normal operation of financial markets.

#### *Dependence on Key Employees*

The Advisor relies heavily on the services of key employees, particularly Mr. Christopher E. Hillary. The Advisor and the Advisory Clients would likely be impacted if the services of key employees were not available.

#### *Conflicts of Interest*

There may exist certain inherent and potential conflicts of interest between the Advisor and its affiliates and Advisory Clients. Conflicts may include, but are not limited to, time commitment by the Advisor, management of other clients and fees charged to clients, including incentive and management fees. To mitigate the risks of such conflicts, the Advisor relies on policies and procedures that it believes are reasonably designed to emphasize its fiduciary duties to all its clients, and that seek to monitor the allocation of time, opportunities and other resources between clients.

#### *Frequent Trading*

The Advisor may recommend purchases and sales of securities as necessary to achieve the objectives of the clients without regard to the frequency of trading. Consequences of frequent trading include greater portfolio turnover, brokerage commissions, expenses and other trading costs. These increased expenses will impact the return clients receive on their investments.

## **Item 9: Disciplinary Action**

Neither the Advisor nor any of its supervised persons have been the subject to any legal or disciplinary events that would be material to your evaluation of the Advisor or the integrity of the Advisor's management.

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

The Advisor serves as General Partner to the Roubaix Fund and the Calor Fund, as outlined in Item 4.

Other than the relationship disclosed above, the Advisor and its employees do not have any affiliations or arrangements with other financial services companies that pose material conflicts of interest.

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

### Code of Ethics

The Advisor has adopted a Code of Ethics that it believes is reasonably designed to protect against conflicts between the personal securities transactions (if any) of the Advisor and its affiliates' principals, officers and employees (and members of their families) and transactions effected on behalf of the Advisory Clients. The Code of Ethics is based on the principle that the Advisor and its employees owe a fiduciary duty to the Advisor's Advisory Clients and to the individual investors in such Advisory Clients. Thus, employees of the Advisor must (i) place the interests of Advisory Clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within the advisor, and (iii) conduct their personal securities transactions (if any) in full compliance with the Code of Ethics. Personal investing by the Advisor's principals, officers, and employees, if any, in securities in which the Advisor's Advisory Clients are planning to invest or have investments, may only occur after such Advisory Client's purchases or sales have been effected. A copy of the Advisor's Code of Ethics is available to any client or prospective client upon request by notifying our office at 1401 17<sup>th</sup> Street, Suite 1150, Denver, Colorado 80202.

Other policies adopted by the Advisor with which certain principals, officers, and employees (and in some cases, members of their families) must comply include, but are not limited to, pre-approval of personal securities transactions by the Advisor's Chief Compliance Officer or delegate, annual certification of compliance with the Code of Ethics, and directing brokers to supply the Advisor with duplicate confirmations and periodic statements of personal securities transactions.

### Participation in Client Transactions

Principals, officers, and employees (and members of their families) of the Advisor, if any, and its related persons and affiliates may participate directly or indirectly as investors in the Advisor's Advisory Clients, including the Partnerships. In addition, the Advisor may buy and sell on behalf of its Advisory Clients securities of issuers or other investments in which the Advisor and its related persons and affiliates have a confidential relationship or in which the Advisor's or its affiliates' principals, officers and/or employees (and members of their families) own securities or otherwise have an interest.

The Advisor may give advice and take actions in the performance of its duties to its Advisory Clients that differ from advice given, or the timing and nature of actions taken, with respect to other Advisory Clients' accounts. The Advisor has adopted policies and procedures that prohibit the use of material nonpublic information, and as a result, the Advisor and its related persons and affiliates, from time to time, may not be free to divulge or act upon certain material nonpublic information in their possession on behalf of their clients.

## Personal Trading

The Advisor's personal trading policy seeks to address any possible conflicts of interest that may arise between investment recommendations in the interests of clients and employees' personal investments for their own accounts. The Advisor's policies and procedures generally seek to address such issues by imposing reporting requirements and other restrictions on employees' investments in reportable securities, with the exception of a limited number of highly liquid, index based ETFs that are unaffiliated open-end funds registered in the United States. While the Advisor's employees and Advisory Clients may both be investing in these ETFs, the Advisor believes that, given the liquidity of these ETFs, employee transactions are not materially impacting the markets for these securities, and that consequently there is no substantial risk of conflicts of interest in this regard.

Employees may hold investments beyond the permitted ETFs. These investments are generally holdings that the employee held prior to their affiliation with the Advisor. These holdings may include securities that are also held by Advisory Clients. Holdings may also include investments in illiquid securities that do not fall within the Advisor's recommendations to clients. Holdings by employees may create a conflict where the employee has interests in competition with the interests of Advisory Clients. The Advisor seeks to mitigate this conflict through its Code of Ethics and policies and procedures. The Advisor's Code of Ethics outlines the Advisor's duty to put the interest of its clients first. Policies and procedures further mitigate the conflict by requiring pre-clearance approval by the CCO or a designee of transactions in any of these securities. Approval is only given when the transaction can be completed without competing with the interests of the Advisory Clients.



## Item 12: Brokerage Practices

### Brokerage Selection

The Advisor has discretionary authority to determine the type, amount, price and timing of securities being bought and sold on behalf of each of its Advisory Clients, including the selection of and commissions paid to brokers, subject to each Advisory Client's investment policies and goals.

Subject to the rest of this Item 12, the Advisor, in seeking to obtain the best execution of portfolio transactions, may consider the quality and reliability of brokerage services. The Advisor may also consider brokerage, research and investment information provided by the brokers and dealers. Factors considered by the Advisor in selecting brokers and dealers may include the following: price; the broker's or dealer's facilities, reliability and financial stability; the ability of the broker or dealer to effect securities transactions, particularly with regard to such aspects as complexity of the trade, timing, order size and execution of the orders; and the brokerage and research products and services provided by that broker or dealer to the Advisor that are expected to enhance the Advisor's general portfolio manager capabilities, notwithstanding that an Advisory Client may not be the direct or exclusive beneficiary of such services.

Commission rates, being a component of price, are one factor considered together with other factors. The Advisor may cause a client's account to pay a broker or dealer a commission for effecting a transaction for the client's account that may be higher than a commission charged by another broker, in exchange for brokerage and/or research services or for marketing services such as capital introduction. This is a benefit to the Advisor because the Advisor does not directly produce or pay for the research or services. This may create an incentive to select a broker based on the research or other services provided rather than the client's interest in best execution. Under Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Advisor may do this if it determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker.

To mitigate and address any conflicts of interest that may arise, the Advisor has adopted policies and procedures to evaluate, on an ongoing basis, the value of a broker's research and brokerage services and the reasonableness of any commissions charged.

The products and services that the Advisor received with client brokerage commissions within the last fiscal year include, but may not be limited to: economic/market/industry data, electronic brokerage support, trading, market and research software.

## Soft Dollars

The Advisor has made no attempt to put a specific dollar value on the brokerage or research products or services of any broker or dealer or to allocate the relative costs or benefits of those products or services, because the Advisor believes that the products and services received are, in the aggregate, of assistance in fulfilling the Advisor's overall responsibilities to its clients. In many cases, products and services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid. The Advisor believes that all such soft dollar activities fall within the scope of the safe harbor under Section 28(e) of the Exchange Act.

The Advisor has entered into a soft dollar agreement with its prime broker that will establish an account at the prime broker for the specific purpose of aggregating and maintaining "soft dollar credits" generated by the portfolio transactions described above in the Brokerage Selection section, provided that the particular Advisory Client relationship permits the use of "soft dollar credits." The Advisor may elect to use these credits to purchase research or brokerage products and services that the Advisor has determined to be within the safe harbor provisions of Section 28(e) of the Exchange Act. The products and services obtained through soft dollar credits may or may not benefit the particular Advisory Clients whose transaction were the source of such credits.

Certain Advisory Clients, due to structural, contractual, or regulatory considerations, do not participate in the aforementioned soft dollar arrangements. Nonetheless, these Advisory Clients may indirectly benefit through the Advisor's receipt of research or services. The Advisor believes, however, that no single Advisory Client is materially advantaged to the detriment of other Advisory Clients as a direct result of any such arrangements.

The Advisor does not guarantee any brokers the placement of a pre-determined amount of securities transactions in return for the research or brokerage products or services they provide. The Advisor does, however, have an internal procedure for allocating transactions in a manner consistent with its execution policy to brokers that it has identified as providing brokerage or research products or services of a benefit to its Advisory Clients. Brokerage and research products furnished by brokers may be used in servicing any or all of the Advisory Clients of the Advisor and such research and brokerage may not necessarily be used by the Advisor in connection with the accounts that paid commissions to the broker providing such brokerage and research products and services.

The Advisor may also use step-out transactions in order to receive brokerage and research products and services. In a step-out transaction, the Advisor directs trades to a broker-dealer with the instruction that the broker-dealer execute the transaction, but "step-out" a portion of the transaction or commission in favor of another broker-dealer that provides such products and/or services. Given the Advisor's receipt of such products and services in connection with step-out transactions, the Advisor has an incentive to continue to engage in such transactions; however, the Advisor only intends to utilize step-out transactions when it believes that doing so would not hinder best execution efforts.

## Directed Brokerage

As noted above, the Advisor typically retains discretion over brokerage selection. However, certain Advisory Clients may sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services (including, in some cases, referral of the Advisory Client to the Advisor for investment advisory services) provided to the Advisory Client by the broker or dealer. When an Advisory Client for whom the Advisor provides discretionary investment management services request or instructs in writing the Advisor to direct a portion of the securities transactions for its account to a specified broker-dealer, the Advisor will treat the Advisory Client direction as a decision by the Advisory Client to retain, except to the extent of the direction, the discretion the Advisor would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions generally for the Advisory Client's account. Although the Advisor will attempt to effect such transactions in a manner consistent with its policy of seeking best execution on each transaction, there may be occasions where it is unable to do so, in which case the Advisor will continue to comply with the Advisory Client's instructions on a going forward basis.

The Advisory Client, therefore, should consider whether under its direction commissions, execution, clearance and settlement capabilities, and fees for custodial or other services provided the Advisory Client by the broker-dealer (if applicable) will be comparable to those otherwise obtainable by the Advisor.

An Advisory Client making such a designation also should understand that it may lose the possible advantage that non-designating Advisory Clients derive from aggregation of order for multiple Advisory Clients as a single transaction for the purchase or sale of a particular security because all or a portion of the Advisory Client-designated trades may be excluded from and executed subsequent to aggregated orders. An Advisory Client that makes such a designation should further understand that it may forego benefits from savings on execution costs that may otherwise be obtained, most notably by aggregating brokerage orders for accounts and that if a designated broker or dealer is not on the Advisor's approved list of brokers there may be additional credit and/or settlement risk. However, when appropriate, the Advisor will include in aggregate orders transactions for Advisory Clients that have made such a designation. In such cases, the executing broker will transfer the directing Advisory Client's portion of the aggregated order to the broker designated by the Advisory Client for that broker to clear and settle. The Advisory Client who directs the Advisor to use a specific broker may receive less efficient clearing and settlement on some transactions at least in part because the directed broker may provide less efficient service. In addition, such Advisory Client may not be able to participate in an allocation of shares of a new issue if those shares are sold by another broker.

## Trade Aggregation

Where appropriate, transactions for multiple Advisory Clients may be bunched for execution purposes, which will not ordinarily affect commissions charged and execution prices on such transactions. Specifically, the Advisor may effectuate bunched orders for multiple accounts according to a pre-determined allocation methodology whereby clients receive an average price

and are assessed a fixed commission charge ranging between approximately \$.01 to \$.04 per share. Circumstances involving partial fills may arise whereby the Advisor may determine that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for more than one Advisory Client, there is a limited supply or demand for the security of other investment. The Advisor may be unable to aggregate trades for a particular account within a strategy due to reasons including, for example, a specific account's investment restrictions (e.g., use of synthetic securities vs. physical, account's use of specified counterparty). In general, the Advisor seeks to aggregate trades when it has the opportunity to do so.

### Other

Under normal circumstances, the Advisor will seek to allocate the opportunity to purchase or sell that security or other investment among such clients on an equitable basis, typically taking into consideration such factors as size of the portfolio, concentration of holdings, investment objectives and guidelines, tax considerations, purchase cost, and cash availability.) The Advisor attempts to, but is not required to, assure equality of treatment among its clients receiving such allocation (including the opportunity to purchase or sell that security or other investment will be proportionally allocated among those clients according to any particular predetermined standards or criteria).

Because each Advisory Client has its own investment guidelines, objectives, and restrictions, a particular security may be bought for one or more Advisory Clients at a time when one or more clients are selling the same security. In such cases, when the Advisor believes it is appropriate and in accordance with applicable laws and regulations, the Advisor may effect internal cross transactions between two or more Advisory Client accounts. The Advisor believes that such transactions can benefit both accounts by effecting a transfer of securities from one account to another at a greatly reduced cost.

As part of this process, the Advisor may rebalance the investments in various accounts from time to time through cross trades, separate market purchase and sales, or both.

The Advisor generally will execute agency cross transactions only through an independent third party broker. Broker-dealers receive minimal or no compensation for this accommodation. The firm does not currently engage in agency cross transactions.

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

The portfolio of each client is generally under ongoing review by the Advisor. Responsibility for review of accounts lies with the portfolio manager, either Christopher Hillary or Andrew Kalmar as applicable, who typically reviews holdings for consistency with clients' investment objectives and limitations, if any. The Advisor's CCO reviews account information strictly for administrative and compliance purposes.

In addition to the ongoing review, the Roubaix Fund and Calor Fund are subject to annual audits by the funds' independent auditors. Other clients may receive additional information from the Advisor pursuant to their Advisory Agreements, usually including information that is generally related to holdings and transaction information. Investors in the Roubaix Fund and Calor Fund receive annual written audit reports following the completion of the independent auditor's audit.

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

The Advisor may elect to maintain a bonus pool for its employees. The Advisor would consider several factors in determining the size and allocation of the pool, none of which is anticipated to be dispositive and none of which is anticipated to be evaluated using a strict mathematical formula. These factors would likely include, but would not be limited to, client referrals.

Although the Advisor does not currently enter into arrangements with third parties who solicit clients, from time to time the Advisor may enter into such arrangements. Any such arrangements would be pursuant to a written agreement consistent with Rule 206(4)-3 under the Investment Advisers Act of 1940. Appropriate disclosure would be provided to an investor prior to or at the time of entering into any advisory agreement. The costs of any such referral fees are anticipated to be paid entirely by the Advisor and are anticipated to be determined pursuant to terms that would be disclosed in the specific solicitation agreement and the solicitor's disclosure statement.

## Item 15: Custody

The Advisor may be deemed to have custody of the client assets and securities for the Roubaix Fund and the Calor Fund due to the Advisor's role as General Partner of these respective entities. Investors with assets in the Roubaix Fund and Calor Fund will receive a monthly account statement directly from MG Stover & Co., which serves as the Administrator to those funds as of the date of this Brochure. Furthermore, as noted in Item 13 above, investors in the Roubaix Fund and Calor Fund will receive annual written audit reports following the completion of the audit by the Fund's independent auditors. Although the Advisor does not typically supply investors with its own account statements, it may from time to time provide investors with account information upon request. The Advisor encourages investors to carefully review reports and account statements from the administrator against any statements that may be issued from the Advisor, as statements may occasionally vary due to different accounting procedures, reporting dates, or valuation methodologies.

## **Item 16: Investment Discretion**

The Advisor typically has full discretionary authority over the accounts of its clients. Please see Item 4 above for further details on the discretionary authority of the Advisor. The Advisor typically receives this discretionary authority pursuant to, and in accordance with the terms of, the investment advisory agreements and/or subscription agreements entered into by clients and investors.



## **Item 17: Proxy Voting**

The Advisor currently has authority to vote proxies for most of its Advisory Clients. With respect to proxies voted by the Advisor, the Advisor has adopted written proxy voting procedures. Under those procedures, the Advisor generally votes with management, except in certain circumstances. Any conflicts of interest that arise in the context of voting proxies are evaluated by our Chief Compliance Officer, and handled in accordance with how the Chief Compliance Officer deems appropriate, given consideration to the type and materiality of the conflict. A copy of the Advisor's proxy voting procedures is available upon request. Clients may obtain information about how the Advisor voted that client's proxies by contacting the Advisor in writing at its principal place of business.

## **Item 18: Financial Information**

Not Applicable