

Clarity Diversified Alternatives Portfolio Management Ltd.

712 Fifth Avenue
New York, NY 10019
Telephone: (212) 610-2104

FORM ADV PART 2A
CLIENT BROCHURE

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This brochure provides information about the qualifications and business practices of Clarity Diversified Alternatives Portfolio Management Ltd. If you have any questions about the contents of this brochure, please contact us at (212) 610-2104. 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.

Clarity Diversified Alternatives Portfolio Management Ltd. is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Clarity Diversified Alternatives Portfolio Management Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Item 2 discusses only material changes made since the submission of Clarity Diversified Alternatives Portfolio Management Ltd's Form ADV Part 2A dated December 23, 2015, as follows:

- Item 7 has been revised to include additional disclosure regarding our affiliated entities.

Other non-material changes have been incorporated into this Form ADV Part 2A that are not discussed under this Item 2. As such, we encourage you to read this Form ADV Part 2A in its entirety.

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Item 4 – Advisory Business

Clarity Diversified Alternatives Portfolio Management Ltd. (“CDAP”) is a privately held investment management company based in New York, NY and organized as a corporation under the laws of Delaware. CDAP is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) and was founded in 2015. Ninety percent (90%) of its interests are owned by KCPS Clarity Capital Group.

CDAP provides discretionary investment advisory services to pooled investment vehicles (the “Funds”). The management of the Funds is conducted in accordance with the relevant Fund’s confidential private offering memorandum (“Offering Document”).

The investment objective of the Funds is to generate consistent and attractive long-term returns through active investment in a selection of pooled investment vehicles (the “Underlying Funds”). The Underlying Funds will be chosen in accordance with a particular investment objective, as more thoroughly described in the Funds’ Offering Documents. It is anticipated each Underlying Fund will have a distinct investment objective and approach and which, as part of a portfolio of assets, will form the Funds’ diversified basket of hedge fund investments.

The Funds will seek to construct a portfolio of investments comprising various Underlying Funds, which is intended as means to offer the Funds’ investors the opportunity to participate in a diverse blend of hedge fund investments, while also offering what we believe is a good risk based approach through utilizing proprietary optimization techniques.

CDAP does not tailor advisory services to the individual or particular needs of the investors in the Funds. Information about the Funds, including their investment objectives and strategies, are set forth in their respective Offering Documents. We have broad investment authority with respect to our clients. Since we do not provide individualized advice to the Funds’ investors, such investors are encouraged to consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investment.

In addition to the advisory services provided to the Funds, CDAP advises separately managed accounts (each an “SMA”) pursuant to the terms of the investment management agreement entered into by and between CDAP and the SMA(s)’ client.

In providing advisory services to its clients, CDAP may enter into consultancy agreements with affiliated third parties with respect to the provision of such third parties of research, analysis and monitoring services to CDAP.

As of December 30, 2015, assets under management totaled approximately \$50,000,000, which is managed on a discretionary basis.

Item 5 – Fees and Compensation

CDAP charges a management fee on the holders of Class A Interest of the Funds, which is calculated and paid at end of each quarter, in arrears, and is equal one-fourth of 1.25% of the net asset value of such Class A Interests as of the end of the last business day of the previous calendar quarter. Class B Interests of the Fund shall not be subject to such management fee.

We generally deduct fees from the investors' assets in the Funds. Our clients and the investors in the Funds do not have the ability to choose to be billed directly for fees incurred.

The Funds will bear the ongoing expenses relating to its own operations. Expenses include, without limitation, all costs and expenses associated with the offering of its interests (other than placement agent fees that are borne by the General Partner and/or the Investment Manager), the administrator's fees, custodians' fees, independent GP Company Directors' fees, the cost of directors' and officers' liability insurance (for all of the GP Company Directors), all fees relating to the purchase, holding and sale of interests in Underlying Funds (including the management fees, incentive fees and other fees, charges and expenses of Underlying Funds), any interest, fees, and costs of the Funds' (and the Underlying Funds') borrowings, all taxes, audit, accounting, record-keeping, administrative, printing and legal or professional and/or third party fees and expenses, costs and expenses related to regulatory compliance matters, fees payable to governments or agencies, and extraordinary expenses (e.g., litigation costs, indemnification obligations, and costs incurred in connection with a reorganization or restructuring of the Fund), if any.

The Funds will also pay or reimburse the Investment Manager for the Funds' pro-rata portion of the regulatory and compliance costs of the Investment Manager arising out of the Investment Manager's management of the Fund, such as, but not limited to, legal, administrative, and filing costs and expenses relating to the Investment Manager's SEC Form ADV and Form PF.

Please refer to the relevant Fund's governing documents (including the relevant Fund's Offering Documents) for a complete understanding of how management fees payable by the Funds and their investors are calculated and deducted, as well as a discussion relating to the expenses chargeable to the Funds and its investors. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's governing documents.

In addition, a management fee is charged to our SMA client, at a rate set forth in the investment management agreement entered into between the SMA client and us. Such agreement also sets forth all other costs and expenses that the SMA is to bear, such as, but not limited to, costs relating to the implementation of the investment strategy, research fees and administrator fees. We as portfolio manager charge certain management fee from managed accounts (generally a percentage of AUM, but may be a fixed fee). The administrator costs are being deducted from the investment itself by the administrator of such investment.

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

CDAP does not charge a performance fee, however, the General Partner for the Funds (which is an affiliate of CDAP), receives a performance allocation with respect to Class A Interests in the Funds, which is generally equal to five percent (5%) of the appreciation in the Net Asset Value of such Class A Interests during a specific period.

This arrangement may create a theoretical incentive for the CDAP, as an affiliate of the General Partner, to recommend investments that are riskier or more speculative than would be the case in the absence of such profit allocation payable to its affiliate. However, investors in each of the Funds are provided with disclosures contained in their respective Offering Documents relating to the performance allocation payable to the General Partner, and the risks associated with their investment in the Funds.

Please refer to the specific Fund's Offering Documents for a more detailed description of the performance allocation payable to the General Partner.

Item 7 – Types of Clients

We currently provide advisory services to the Funds operating as private investment funds. In addition, we provide advisory services to an SMA.

We do not impose any minimum requirements on our private investment fund clients. Our private fund clients, however, generally impose minimum investment commitments (unless otherwise waived by us) and require them to satisfy certain suitability standards. Currently, the minimum initial subscription amount for our onshore fund in Class A Interests and Class B Interests is \$500,000, subject to reduction in the sole discretion of the General Partner. Unless otherwise determined by the General Partner, the minimum subscription amount for additional Class A Interests and/or additional Class B Interests is \$10,000. All subscriptions must be in cash, unless agreed otherwise by the General Partner.

Currently, the minimum initial subscription amount for Class A Shares and Class B Shares in our offshore fund is US\$100,000. The minimum subscription amount for additional Class A Shares and Class B Shares is US\$10,000, or less if so approved by the Directors.

We may impose minimum account requirements on separately managed accounts. Any such minimum would be described in the written investment management agreement entered into by and between the client and us. In the event that minimum requirements are imposed, we would expect that such requirements would be based on, among other factors, the investment strategy used and the time and resources allocated to the client. Any requirements and restrictions would be specified in detail in each client's written investment management agreement.

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

Methods of Analysis

CDAP formulates investment advice given to its clients using the fundamental method of analysis. CDAP evaluates the intrinsic value of securities based on certain factors such as earnings, risk, and other financial data.

Investment Strategies for Fund Clients

For its Fund clients, CDAP strives to provide consistent long-term appreciation with medium levels of volatility and correlation with traditional asset-classes, resulting in superior risk-adjusted returns. This investment objective is met by investing in a diversified portfolio of Underlying Funds and employing alternative investment strategies. CDAP's analysts employ a broad base of resources to evaluate the

Underlying Funds and their investment strategies including, but not limited to, fund databases, market resources, direct solicitations, third party marketing firms and industry referrals.

CDAP has evaluated numerous investment funds representing many distinct approaches to alternative investments. Generally each Underlying Fund on its own will have a distinct investment approach, and which, as part of a portfolio of assets forming diversified basket of alternative fund investments.

These strategies and asset classes may include but are not limited to the following: currencies, commodity futures and options, U.S and non-U.S. dollar denominated instruments, long/short equity, fixed income arbitrage, short term instruments, credit event-driven, global macro, and commodity trading advisors (“CTAs”).

CDAP intends to conduct a thorough due diligence on the Underlying Funds investment management team based on qualitative and quantitative analysis to find managers that have proven to generate consistent skill-based returns (alpha) over time while preserving capital and limiting drawdowns. First, CDAP reviews the manager’s material and an initial interview takes place where CDAP meets with the investment manager, including an on-site visit. Next, the manager’s investment team, investment process, risk management and performance are thoroughly analyzed. Finally, CDAP performs an operational and business risk analysis.

Risks

Listed below is a summary of the material risks involved in connection with our methods of analysis and investment strategies for our clients. The discussion of material risks provided below is not meant to be a complete description of risks that may be applicable to CDAP. All investment activities involve a high degree of risk, including the possible risk of loss of an investor’s entire investment. For a more detailed discussion of the material risks involving an investment in the Funds, please refer to the relevant Fund’s Offering Documents. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund’s governing documents.

Investment Strategy

CDAP intends to rely primarily upon its investment experience and contacts, research, analysis and judgment in implementing a strategy that it believes will be able to deliver superior performance relative to the degree of risk assumed. While such a strategy may be expected, if successful, to produce returns on capital, conversely, if unsuccessful, the risk of investment loss might be expected to be greater than those associated with managers who followed a more orthodox or risk averse approach to investment.

Availability of Investment Strategies

The success of the Funds’ investment activities will depend on the CDAP’s ability to identify investment opportunities as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that CDAP will be able to identify suitable investment opportunities in which to deploy all of the Fund’s assets or to exploit discrepancies in the currency, securities and derivatives markets.

Investments In Unlisted Securities

The Funds may invest in Underlying Funds which invest in unlisted securities. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate these positions than would be the case for Underlying Funds investing in publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Underlying Fund. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Investments in Initial Public Offerings

The Funds may invest in Underlying Funds that may purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Underlying Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Concentration of Investments

Each Underlying Fund may at certain times hold relatively few investments and may itself invest in another Underlying Fund. The Funds could be subject to significant losses if it, through one or more Underlying Funds, has exposure to a large position in a particular investment that declines in value or is otherwise adversely affected, including through the default of the issuer.

The Funds itself will attempt to diversify its portfolio over time by allocating its capital among approximately 10-20 Underlying Funds. This estimate may change from time to time. The Funds may also initially invest in fewer Underlying Funds until it raises sufficient capital to make meaningful investments in the full complement of Underlying Funds in accordance with its investment strategy. However, there is no limit to the percentage of the Underlying Fund's net asset value that may be invested in a single investment strategy.

In addition, a number of Underlying Funds may have overlapping strategies and thus could accumulate large positions in the same or related instruments without CDAP's knowledge. Even if known, CDAP's ability to avoid such concentration would depend on its ability to reallocate Fund capital among existing or new Underlying Funds, which might not be feasible for several months until withdrawals and contributions are permitted by the Underlying Funds.

Debt Securities

The Underlying Funds may invest in debt securities which may be unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Underlying Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets. The Underlying Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Underlying Funds may therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Item 9 – Disciplinary Information

Neither CDAP, nor any of its management persons, has been the subject of any material legal or disciplinary action.

Item 10 – Other Financial Industry Activities and Affiliations

Other Investment Adviser

CDAP is affiliated (under common control and ownership) with Clarity Capital KCPS Ltd and KCPS PE Investment Management (2006) Ltd. Both entities are registered investment advisers with the Securities and Exchange Commission.

CDAP has entered into a Consultancy Agreement with Clarity Capital KCPS Ltd (“Clarity KCPS”) pursuant to which Clarity KCPS will provide CDAP with various administrative services relating to the Funds, including investment research, analysis and market related services and monitoring of existing investments. Any fees or other compensation to which Clarity KCPS is entitled to under the terms of this agreement will be paid by CDAP. The Funds will not directly pay any fees to, or directly bear any expenses incurred by CDAP with respect to this arrangement.

CDAP is also affiliated with KCPS Capital Management Ltd., an Israeli limited company based in Tel-Aviv, Israel, that provides investment management services to a variety of clients, including individuals and institutions. Additionally, KCPS Capital Management Ltd. serves as the investment manager and general partner of certain private fund vehicles.

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

Personal Trading

CDAP has also adopted a Personal Securities Transactions Policy to address any potential conflicts which may arise from the personal investment activities of its employees, officers and members of its board of directors.

This Policy has various features, including requirements that certain “access persons” (*i.e.*, persons who may have access to client investment information):

- initially (upon hire) and annually thereafter disclose/report:
 - All brokerage accounts that are beneficially held
 - All securities that are beneficially held;
- quarterly disclose/report all transactions in “reportable securities,” as defined in the Policy;
- pre-clear any personal transaction in a “reportable security,” as defined in the Policy; and,
- refrain from purchasing or selling securities on CDAP’s “prohibited list”

Code of Ethics

In addition to the specific policies described above, CDAP also has adopted a Code of Ethics in accordance with Rule 204A-1 issued by the Securities and Exchange Commission under the Investment Advisers Act of 1940. The Code of Ethics was adopted with the objectives of deterring wrongdoing, promoting honest and ethical conduct, and compliance with applicable laws and regulations. The Code of Ethics prohibits:

- defined conflicts of interest;
- trading on the basis of material nonpublic information;
- certain political contributions;
- the use of non-public, material information respecting an issuer of securities; and,
- other activities which are viewed by CDAP as inconsistent with its obligations to its clients.

CDAP will provide a copy of the Code of Ethics upon request by sending a written request to Clarity Diversified Alternatives Portfolio Management Ltd., Attn: Chief Compliance Officer, 712 Fifth Avenue, New York, NY, 10019.

Item 12 – Brokerage Practices

With respect to SMA clients we require written authority to determine brokers to be used in connection with effecting transactions in the client’s account, together with any commissions’ payable in connection with the use of such brokers. CDAP does not typically select or recommend brokers for SMA clients. In negotiating commission rates with brokers, CDAP will seek to obtain the best execution for its clients, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the reputation of the broker; (v) the firm’s risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; and (viii) the competitiveness of commission rates in comparison with other brokers satisfying CDAP’s other selection criteria.

Managers of the Underlying Funds will select the broker-dealers, and other financial intermediaries for their trading and other accounts. Managers of Underlying Funds may benefit from various “soft dollar” arrangements between such managers and financial intermediaries.

Under the arrangements between Underlying Funds and their prime brokers and custodians, the prime brokers and custodians will have rights to identify as collateral, to re-hypothecate or to otherwise use for their own purposes assets held by them for the Underlying Funds from time to time. Legal and beneficial title to such assets has been transferred to the relevant prime broker and custodian. The Underlying Funds will have only a contractual right to the return of assets equivalent to those of the relevant assets. The Underlying Funds will rank as one of the unsecured creditors of the relevant prime broker and custodian. In the event of the insolvency of one of the Underlying Funds’ prime brokers and custodians, the relevant Underlying Fund might not be able to recover such equivalent assets in full.

Item 13 – Review of Accounts

We review the Funds’ accounts on an ongoing basis. In addition to our staff, we have an independent fund administrator (the “Administrator”) who is responsible for back office procedures and reporting for the Funds. In addition, an independent public accountant audits the financial statements of the Funds annually.

An annual report and audited financial statements will be sent to the investors in the Funds by not later than six months of the end of the fiscal year. Capital account statements will be sent to each investor within 60 days of the last business day of each calendar month, or such other day as determined by the Funds’ General Partner.

The contents and frequency of reports provided to our separately managed account clients may vary and would typically be detailed in the investment management agreement entered into by and between us and the client.

Item 14 – Client Referrals and Other Compensation

CDAP may enter into written arrangements with third party marketers for the referral of clients to CDAP. Pursuant to the terms of such arrangements, third party marketers may be engaged by CDAP and typically may be entitled to a percentage of management fees earned by CDAP on referred assets.

CDAP does not and will not receive economic benefits from any person not a client of CDAP in exchange for providing advisory services to CDAP’s clients.

Item 15 – Custody

CDAP does not have physical custody of its clients’ assets. The assets of the SMA clients are held by a qualified custodian, which provides monthly account statements to CDAP and/or directly to the client. In turn, CDAP provides monthly or quarterly reports to its clients relating to each SMA account managed by CDAP.

However, we are deemed to have constructive custody of our clients’ assets. As such, in order to comply with the requirements under Rule 206(4)-2 under the Investment Advisers Act of 1940, the Funds’ financial

statements are audited annually by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. In addition, audited financial statements are prepared for the Funds in accordance with generally accepted accounting principles in the United States and are sent to all of the Funds' investors within 180 days from its fiscal year end.

Investors in the Funds are encouraged to review these audited financial statements.

Item 16 – Investment Discretion

Pursuant to the Funds' Offering Documents, and in accordance with the Investment Management Agreements entered into by us with the Funds, we are granted complete authority with respect to the types and amounts of all investments bought and sold by the Funds.

We are also granted investment authority with respect to the types and amounts of securities sold or purchased by or on behalf of our separately managed account client pursuant to the terms of the Investment Management Agreement.

Item 17 – Voting Client Securities

A. *Proxy Votes*

Our investment management agreements with our clients may grant us authority to cast all proxy votes on their behalf. In such event, neither our clients nor the investors in the Funds have the ability to direct how we vote proxies.

We have adopted a proxy voting policy, as required by the Investment Advisers Act of 1940, as amended. The policy provides that we will act in the best interests of our clients in determining whether and how to vote on any proxy voting matter. The proxy voting policy includes guidelines to be followed if a material conflict arises between us and/or our employees and our clients to ensure any material conflict is resolved in the best interest of our clients.

Clients may obtain a copy of our proxy voting policy and information on how we voted by contacting our Chief Compliance Officer.

B. Not applicable.

Item 18 – Financial Information

We do not currently have any financial commitments that might impair our current or future ability to meet our contractual commitment to our clients and we have not been the subject of a bankruptcy petition at any time during the last ten (10) years.

BROCHURE DISCLOSURE

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase interests in any of the Funds and the disclosure contained herein shall not be relied on to determine whether an investor should purchase interests in any of the Funds. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials. To the extent that there is any conflict between the disclosure contained in this Brochure and the Offering Documents provided to investors, the Offering Documents shall govern.