

## **Form ADV – Part 2A Firm Brochure**

### **Perlinrock LLC**

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This Brochure provides information about the qualifications and business practices of Perlinrock LLC. If you have any questions about the contents of this Brochure, please contact us at 315-557-8268 and/or [info@perlinrock.com](mailto:info@perlinrock.com). 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.

Perlinrock LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Our Brochure may be requested free of charge by contacting Mike Eng, Chief Compliance Officer at 315-557-8268 or [mike.eng@perlinrock.com](mailto:mike.eng@perlinrock.com)

Additional information about Perlinrock LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Perlinrock LLC who are registered, or are required to be registered, as investment adviser representatives of Perlinrock LLC.

## **Item 2. Material Changes**

This is the firm's initial Brochure, so no material changes are to be reported.

**Item 3.****TABLE OF CONTENTS**

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## **Item 4. Advisory Business**

Perlinrock LLC is a new asset management company that employs a multi-strategy approach within the global equity, options, futures and foreign exchange markets. Its principal place of business is at 3 Columbus Circle, 15<sup>th</sup> Floor, New York, NY 10019. Perlinrock commenced operations in March 2013 and is becoming registered with the SEC. Jorge Rafael Chang and Guan Seng (Mike) Eng are the principal owners.

Perlinrock provides advisory services on a discretionary basis to its clients that are private investment funds (the “Funds”) organized as Cayman limited partnerships (for investments by U.S. persons), and Cayman Islands exempted companies (for investments by non-U.S. persons and tax-exempt U.S. persons). The Funds’ general partner is an affiliate of Perlinrock.

Currently Perlinrock serves as the subadvisor to the PTQ Capital Master Fund (the “Master Fund”), the PTQ Capital (US) Fund (the “Onshore Feeder”), and the PTQ Capital Fund (the “Offshore Feeder”), collectively the “Funds.” Please see **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss** for more detail of the investment strategy.

Perlinrock may tailor its investment services to the individual needs of certain investors in Managed Accounts.

## **Item 5. Fees and Compensation**

As a subadvisor to the Funds, Perlinrock receives a portion of the Fund’s monthly management fee (the “Management Fee”) based on the net asset value of an investor’s capital account calculated at the rate of approximately 2.0% per annum. Management Fees are deducted at our instruction as described in the Funds’ Confidential Explanatory Memorandums and Confidential Private Offering Memorandum (the “Offering Documents”). The general partner of the Funds is also allocated a performance-based fee (the “Incentive Allocation”). Please see **Item 6. Performance-Based Fees and Side-by-Side Management** for further details.

Perlinrock may waive or modify the Management Fee and/or the Incentive Allocation for members, employees or affiliates, relatives of such persons, and for certain large or strategic investors.

In addition, Perlinrock may enter into agreements with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those of other investors. These terms and conditions may be based on the size of a contribution, an agreement to maintain such investment for a significant period of time, or other similar commitment.

For example, such terms and conditions may provide for special rights to make future capital contributions to the Funds or other investment vehicles; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees or withdrawal penalties and/or other terms; and such other rights as may be negotiated by Perlinrock.

See **Item 15. Custody** for additional information regarding the deduction of fees from investor accounts.

The Funds will bear a pro rata share of the expenses such as operating and other expenses including sales expenses, legal expenses, internal and external accounting, audit and tax preparation expenses, and organizational expenses. In addition, investors will incur brokerage and other transaction costs. Please refer to **Item 12. Brokerage Practices** of this Brochure for a discussion of Perlinrock's brokerage practices.

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

In addition to the management fee discussed in **Item 5. Fees and Compensation**, the Funds' general partner receives an annual Incentive Allocation calculated at generally 20% of each limited partner's share of net profits including realized and unrealized gains, subject to a loss-carry forward provision. This means that no performance-based fee will be made from the capital account of an investor until any net loss previously allocated to the capital account of the investor has been offset by subsequent net profits. Any such loss-carry forward will be subject to reduction for withdrawals on a pro rata basis. Limited partners in certain share classes may be subject to a higher or lower incentive allocation in return for special conditions.

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

The Funds are Perlinrock's clients. Investors in the Funds consist of sophisticated individual investors, funds of funds, family offices and other business entities. Access to the Funds is limited to investors who meet specified minimum investment criteria relating to their financial holdings, investment experience, and the like.

Additional details regarding initial and additional subscription minimums are disclosed in the Offering Documents for the Funds.

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

Perlinrock employs a systematic multi-strategy approach within the global financial markets, managing a diversified portfolio that invests in equities, ETFs, foreign exchange, commodity futures, index futures and derivatives. The trading strategies are fully integrated in order to allow capital to be deployed in the securities believed to provide the greatest expected risk-adjusted returns at any moment in time.

Risk management is performed both at the portfolio and strategy level to minimize portfolio-wide, absolute downside volatility. A comprehensive set of risk guidelines that includes directional equity market exposure, exposures to changes in credit spreads, interest rates and volatilities is monitored by an independent risk management team. Perlinrock uses a combination of third party and proprietary risk measurement and reporting systems to produce various risk measures and monitor compliance with risk guidelines. The firm combines sensitivities with respect to various risk factors and liquidity metrics with portfolio stress testing to identify specific risk exposures, portfolio concentrations and ensure risk compliance.

The firm employs a proprietary portfolio management system that monitors the entire trade life cycle, calculates profit and loss for all positions and portfolios, performs comprehensive reconciliation checks and facilitates the process of portfolio monitoring and management from both an operational as well as from an investment decision-making perspective. The framework is fully integrated with other third-party order management, trade execution and trade

confirmation/settlement systems and is being monitored and managed by an experienced team of operations professionals. The operational framework used by Perlinrock allows for various fail-safes and constraint checks that leverage both third party and proprietary technology to the fullest possible extend.

**These strategies and investments involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment. Please see the Funds' Offering Documents for a more detailed description of risks.**

Non-U.S. Securities. Investing in the securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, involves certain considerations comprising both risk and opportunity not typically associated with investing in other more established economies or securities markets or in the securities of U.S. companies.

Nature of Investments. Investments are made in a wide variety of securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that Perlinrock correctly evaluates the nature and magnitude of the various factors that could affect the value of and return on such investments. Prices may be volatile, and a variety of factors that are difficult to predict, such as domestic or international economic and political developments, may significantly affect the results and the value of these investments.

Non-Diversification. The portfolio may at times be concentrated with respect to types of securities (i.e., equities) and issuers, or geographies. Accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if there were a wider diversification among types of securities, issuers and geographic areas.

Use of Leverage. Perlinrock's strategy utilizes leverage, resulting in control of substantially more assets than equity. Leverage increases the returns if there is a greater return on investments purchased with borrowed funds than the cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the assets, the Fund might not be able to liquidate assets quickly enough to repay borrowings, further magnifying losses.

Currency Hedging. While the Fund's investments are denominated in U.S. dollars, many of the underlying investments are typically denominated in multiple currencies. Accordingly, any hedging of currency exposure that is implemented primarily involves hedging back to the U.S. dollar, but in certain circumstances may involve other hedging activities. To the extent any such hedges are profitable during any month or quarter, the profits will be invested at the end of such month or quarter into the Fund's core investment portfolio. Conversely, if the hedges generate losses in any month or quarter, Perlinrock may liquidate a portion of the core investment portfolio to cover such losses. There can be no assurance that such hedges will be effective.

Counterparty and Custody Risk. To the extent that Perlinrock makes investments in options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions (including certain equities), there may be a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Portfolio Turnover. The investment strategy may require active trading in the portfolio, and as a result, turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Reliance on the Investment Manager. Mike Eng and Rafael Chang are the managing members of the investment manager. There could be adverse consequences in the event that Mr. Eng or Mr. Chang ceases to be available. The success of Perlinrock's strategy is therefore expected to be significantly dependent upon the expertise and efforts of Mr. Eng and Mr. Chang.

Absence of Regulatory Oversight. The Funds are not registered under the Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies; accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the



relationship between the adviser and the investment company) will not be afforded to the Funds' investors.

Special Situations Securities. The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss of the entire investment in such companies.

Arbitrage Transaction Risks. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, debt spread arbitrage and index arbitrage. Perlinrock may employ any one or more of these arbitrage strategies.

There can be no assurances that arbitrage strategies will be profitable in either up or down markets, and various market conditions may be materially less favorable to certain strategies than others.

Options. 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 potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

The Fund may purchase put and call options on global equity, commodity and fixed income indices and securities to hedge against risks of market-wide price movements affecting its assets and in response to certain market events. Options on an index are similar to options on securities. Successful use of options on indices is subject to Perlinrock's ability to correctly predict changes in the relationship of the underlying index to the portfolio holdings.

Futures Trading. The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase return or not cause large losses.

Derivatives. To the extent that Perlinrock invests in swaps, derivatives, forward contracts, or synthetic instruments, repurchase agreements or other over-the-counter transactions or non-U.S. securities, there may be a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default.

Swap Agreements. Whether Perlinrock's use of swap agreements is successful in furthering its investment objective depends on the portfolio manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. There is the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The swaps market is a relatively new market and it is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect Perlinrock's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

Technology Risks. Given the nature of Perlinrock's systematic investment strategy and approach, the Firm relies heavily on technology in order to integrate its investment ideas into a sustainable and repeatable investment process. Disruptions to the technology infrastructure of the firm, or its inability to access the Internet or necessary external resources could cause delays in implementing specific investment ideas or transactions, possibly to the detriment of client portfolios.

## **Item 9. Disciplinary Information**

This item is not applicable.

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

Both Mr. Eng and Mr. Chang devote 100% of their professional time to the management of the Funds and underlying sub-adviser, Perlinrock. Both individuals also serve as Director to the Funds.

The Funds will file for an exemption as a Commodity Pool Operator ("CPO") with the Commodity Futures Trading Commission.

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

Perlinrock has adopted a Code of Ethics (the "Code") in accordance with rule 204A-1 of

the Investment Advisers Act of 1940 (the “Adviser’s Act”) to promote high levels of ethical conduct among our partners and employees. Certain consultants may be subject to the Code at the discretion of the Chief Compliance Officer (the “CCO”). Among the purposes of the Code are to: (1) educate employees regarding our expectations and the laws governing their conduct; (2) remind employees that they are in a position of trust and must act with complete propriety at all times; (3) protect the reputation of Perlinrock; (4) guard against violation of the securities laws; (5) protect our clients by deterring misconduct; and (6) establish procedures for employees to follow so that Perlinrock can assess whether our employees are complying with the firm’s ethical principles. The Code’s policies and procedures include disclosures and certifications regarding personal trading, non-public information, gifts and business entertainment, confidentiality and political contributions.

The Code requires pre-approval for participation in private placements and initial public offerings. Employees and their family members are required to report all personal securities transactions quarterly and holdings upon employment and annually thereafter.

Employees are required to report gifts and business entertainment over an established amount to ensure there is no real or appearance of impropriety in business relationships.

Perlinrock maintains written policies and procedures that prohibit the communication of confidential or material non-public information to persons who do not have a legitimate need to know such information and to assure that Perlinrock is meeting its obligations to clients and remains in compliance with applicable law.

Perlinrock and its employees may invest their personal money in the Funds and therefore such persons may indirectly hold the same securities as other investors in the Funds. Perlinrock’s Code contains a policy that prohibits investments in personal accounts in the same securities that are recommended by Perlinrock to the Funds.

Investors or prospective investors may obtain a copy of the Code by contacting Mike Eng, CCO, by email at [mike.eng@perlinrock.com](mailto:mike.eng@perlinrock.com).

### Conflicts of Interest

Perlinrock uses its best efforts in connection with the purposes and objectives of its clients to devote as much time and effort as may, in their judgment, be necessary to accomplish their purposes. The general partner, Perlinrock and any affiliates may conduct any other business, including any business within the securities industry. The general partner and Perlinrock may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms.

To the extent a particular investment is suitable for both the Funds and other clients of Perlinrock, such investments are allocated between the Funds and the other clients pro rata based on assets under management or in some other manner that Perlinrock determines is fair and equitable under the circumstances to all clients, including the Funds. As a result of the foregoing, Perlinrock may have conflicts of interest in allocating its time and activity between the Funds and other entities, in allocating investments among the Funds and other entities and in effecting transactions for the Funds and other entities, including ones in which Perlinrock may have a greater financial interest.

Simultaneous identical portfolio transactions for the Funds and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Funds for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased are allocated among the Funds and other clients in an equitable manner as determined by Perlinrock. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a “best execution” basis.

## **Item 12. Brokerage Practices**

Perlinrock has established general criteria to determine whether a broker is qualified to provide brokerage services on behalf of its clients, and considers, among others, the following relevant factors:

- Quality of execution – accurate and timely execution, clearance and error/dispute resolution;
- Reputation, financial strength and stability of the broker;
- The difficulty of execution and the broker’s ability to handle difficult trades;
- Confidentiality of trading activity;
- The broker’s willingness and ability to commit capital;
- Overall costs of trades (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of Perlinrock LLC’s knowledge of negotiated commission rates currently available and other current transaction costs;
- Value of research and custodial services provided by the broker that are expected to enhance Perlinrock’s general portfolio management capabilities;
- Nature of the security and the available market makers;

- Desired timing of the transaction and size of trade;
- Counterparty risk;
- The operational facilities of the broker, including back office efficiency; and
- Market intelligence regarding trading activity.

Perlinrock does not participate in any soft dollar programs.

### **Item 13. Review of Accounts**

The chief investment officer and risk manager review the Funds continuously to determine whether they are appropriately positioned and whether investment objectives and policies are being followed. Reviews also occur prior to the assessment of any performance fee or incentive allocation.

Each investor receives unaudited reports of the performance of their accounts monthly and audited financial statements annually. Additionally, investors receive monthly portfolio statistics, performance summaries and commentaries from the chief investment officer, Rafael Chang.

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

Perlinrock has no agreements in place with third-party solicitors for investor referrals. In the event the firm decides to pursue this activity, such arrangements and payments will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

#### **Item 15. Custody**

Perlinrock is deemed to have custody with regard to the Funds because it can directly access investor assets, including deducting fees from investor accounts, as outlined in Rule 206(4)-2 of the Investment Advisers Act of 1940. Fund assets are held with qualified custodians. PWC serves as the Funds' auditor and issues audited financial statements annually within 120 days of the fiscal year end.

#### **Item 16. Investment Discretion**

Perlinrock provides investment advisory services on a discretionary basis to its clients, the PTQ Capital Funds. Investors in the Funds cannot impose any limitations or restrictions on the Funds' strategy.

## **Item 17. Voting Client Securities**

Perlinrock has established *Proxy Voting Policies and Procedures* with the aim of furthering the best economic interest of our clients. Investors may obtain a copy of Perlinrock's proxy voting policies and procedures and information about how Perlinrock voted a client's proxies by contacting Mike Eng, CCO, by email at [mike.eng@perlinrock.com](mailto:mike.eng@perlinrock.com)

## **Item 18. Financial Information**

This item is not applicable.