

**PART 2A OF FORM ADV**  
**FIRM BROCHURE**

**Brochure of**

**SoMa Equity Partners, L.P.**  
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This brochure provides information about the qualifications and business practices of SoMa Equity Partners, L.P. If you have any questions about the contents of this brochure, please contact us at telephone: (415) 318-8960. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about the adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Any reference to the adviser as a “Registered Investment Adviser” does not imply a certain level of skill or training.

## **ITEM 2 – MATERIAL CHANGES**

As this is the adviser's first brochure there are no material changes.

## ITEM 3 – TABLE OF CONTENTS

	Page
Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table Of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients.....	9
Item 8 – Methods Of Analysis, Investment Strategies and Risk Of Loss .....	10
Item 9 – Disciplinary Information .....	14
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics, Participation or Interest In Client Transactions and Personal Trading .....	16
Item 12 – Brokerage Practices.....	18
Item 13 – Review of Accounts.....	22
Item 14 – Client Referrals and Other Compensation .....	23
Item 15 – Custody .....	24
Item 16 – Investment Discretion.....	25
Item 17 – Voting Client Securities.....	26
Item 18 – Financial Information .....	27

## **ITEM 4 – ADVISORY BUSINESS**

### **A. General Description of Advisory Firm**

SoMa Equity Partners L.P. (“SoMa”) is a Delaware limited liability company that has been in business since 2016. It serves as an investment adviser to private funds (the “Funds” or “Advisory Clients”). Gil Simon is the principal of SoMa (the “Principal”).

Currently, the Funds are organized as a mini-master feeder structure, with an offshore feeder fund and an onshore master fund. The offshore feeder fund is invested as a limited partner in the onshore master fund. The feeder fund invests substantially all its assets in the master fund. Investors in the Fund(s) (“Investors”) may hold interest in either the master fund or the feeder fund. An affiliate of SoMa serves as the general partner of the Funds (“General Partner”). Unless and only to the extent that the context otherwise requires, references to SoMa include the General Partner.

### **B. Description of Advisory Services**

SoMa provides discretionary investment advice to the following Funds: SoMa Partners, LP, Delaware limited partnership, and SoMa Offshore Ltd., a Cayman Islands exempted company. The Funds have been established to invest primarily in the publicly traded equity securities of technology, media and telecommunications related companies. SoMa is authorized to invest the Funds’ assets in other sectors and enter into a variety of investment transactions that it deems appropriate under the terms of each Fund’s partnership or other account agreement, including swaps, options, other derivatives, rights, warrants, private securities, non-U.S. securities, bonds, notes, bills, participating and convertible debt instruments, units, and ETFs. The Funds engage in short selling and hedging and may engage in margin trading and other investment strategies.

Each Fund’s investment objectives and strategy are set forth in a confidential offering circular. Such documents, together with the limited partnership agreements, operating agreements, and other governing documents of the Funds, are collectively referred to herein as the “Governing Documents.”

### **C. Client Investment Objectives and Restrictions**

SoMa does not tailor its advisory services to the individual needs of investors in the Funds (“Investors”) and does not accept Investor-imposed investment restrictions, except in limited circumstances. SoMa selects all Fund investments and strategies.

### **D. Wrap Fee Programs.**

SoMa does not participate in wrap fee programs.

### **E. Assets Under Management.**

As of October 1, 2016, SoMa had total discretionary assets under management of approximately \$ 162,922,000. SoMa does not manage assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

It is critical that Investors and Advisory Clients refer to the relevant Governing Documents for a complete understanding of fees and expenses they pay to SoMa. The information contained herein is a summary only and is qualified in its entirety by such documents.

### **A. Advisory Fees and Compensation**

SoMa generally charges an annual management fee of 1.5% of net assets under management payable monthly in advance (“Management Fee”).

SoMa will generally be entitled to receive a special profit allocation (the “Performance-Based Compensation”) of 20% of the net profits (including both realized and unrealized gains and losses) otherwise allocable to the limited partners in a Fund. Performance-Based Compensation is typically assessed in arrears on an annual basis, and is only applied to the portion of profits that exceed the cumulative losses previously allocated or incurred by the respective client.

SoMa, or the general partner, has the discretion to alter, reduce or waive the standard Management Fees and/or Performance-Based Compensation set forth in the Governing Documents. SoMa has reduced or waived the Management Fee for its initial investors, employees, and certain family members.

If an Investor withdraws capital during the first 12 months after initial investment in the Fund(s), it must pay the Fund a withdrawal fee of 3% of the amount withdrawn. Further, if an Investor is permitted to withdraw funds on a date other than a permitted withdrawal date, SoMa may require the investor to pay to the Fund a withdrawal fee of the greater of \$3,000 or 1% of the amount withdrawn.

### **B. Payment of Fees**

SoMa generally deducts its fees from Investors’ assets invested in the Funds. Investors do not have the ability to choose to be billed directly for fees incurred.

Generally, with respect to the Investors, the Performance-Based Compensation is allocated from each Investor to the General Partner at the end of each year.

SoMa believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

### **C. Other Client Fees and Expense**

The Funds bear all costs and expenses of their organization, investment activities, and operations and reimburse the General Partner or SoMa for any of such expenses paid by them. These include, without limitation: (i) third-party legal and accounting fees and expenses associated with subsequent offerings and sales of Interests (including costs and expenses associated with creating any new class of interests, or otherwise changing the structure or any term of the Fund to accommodate any investor); (ii) trading costs and expenses (such as, for example, brokerage commissions and charges, expenses related to short sales, option premiums, clearing and settlement charges, custodial and service fees, and higher commission charges related to outsourced trading services); (iii) interest and commitment fees on loans and debit balances (on margin or otherwise) and other obligations of the Funds; (iv) due diligence costs and expenses

(including research conference fees) associated with investigating securities markets or issuers of securities; (v) costs and expenses of negotiating and entering into contracts and arrangements and making investments (such as brokerage, legal, accounting, investment banking, appraisal and other professional and consulting fees and expenses arising from particular investments and potential investments) and similar expenses in terminating those contracts and arrangements and disposing of the Funds' investments; (vi) costs and expenses incurred in attempting to protect or enhance the value of the Funds' investments (including the costs and expenses of instituting and defending lawsuits or engaging in proxy contests or tender offers); (vii) income taxes, withholding taxes, transfer taxes and other governmental and self-regulatory agency charges and duties; (viii) fees and charges of custodians, clearing agencies and banks; (ix) third-party bookkeeping, recordkeeping, legal, accounting, auditing, tax preparation and other professional, expert and consulting fees and expenses arising in connection with the Funds' activities (including (1) fees and expenses of counsel for the Funds, the General Partner, SoMa or one or more officers or managers of the General Partner or SoMa arising in connection with the Funds' activities, and (2) research and legal costs and expenses related to investigative due diligence on prospective portfolio holdings); (x) fees and expenses related to regulatory reporting for the Funds or the General Partner, SoMa or their affiliates relating to the Funds (including, but not limited to, filings under sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and Form PF), such as consulting and legal fees, software, license, data production and implementation fees, and related charges; (xi) costs of contracts related to on-line research, trade order management systems, risk reporting, portfolio management, and quotation services and equipment (including computer hardware and software related thereto, such as is provided by Bloomberg, Reuters or similar providers); (xii) fees and expenses of the Funds' administrator or any similar service provider; (xiii) fees, costs and expenses of communicating with Investors (including, without limitation, the costs of establishing and maintaining a website for such communications); (xiv) costs and expenses of investing the Funds' assets indirectly; (xv) to the extent permitted by applicable law, premiums and other costs and expenses of insurance policies as the General Partner or SoMa considers appropriate, insuring the Fund, the General Partner, SoMa and its Affiliates against liabilities that may arise in connection with the business or management of the Funds; (xvi) costs and expenses of proxy voting and class action services; (xvii) any contingencies for which the General Partner determines reserves are required, and (xviii) any extraordinary expenses (such as litigation expenses).

SoMa will bear its own operating, general, administrative and overhead costs and expenses. Certain costs and expenses may be paid, by brokers to which SoMa directs trades of the Funds. See Item 12.

The total fees, expense reimbursements and income allocations to SoMa may exceed the cost that the Funds would incur for portfolio management services provided by other investment advisers.

#### **D. Advance Payment of Fees**

As noted above, Fund Management Fees are paid monthly in advance. Relationships with the Funds are terminable on expiration of the Fund's term, dissolution of the Fund or upon withdrawal by the General Partner. Each Investor may withdraw from a Fund, upon specified prior written notice, as set forth in the Governing Documents. Expenses, the pro rata portion of the Management Fee and the Performance-Based Compensation through the date of termination are charged to the account. All prepaid but unearned advisory fees will be refunded.

**E.     Compensation and Commissions**

Not applicable to SoMa.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SoMa currently manages only accounts that pay Performance-Based Compensation as described in Item 5. It does not manage accounts that do not pay Performance-Based Compensation.

The possibility that SoMa (or the General Partner) may receive Performance-Based Compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such compensation. Advisory Clients and Investors are provided with clear disclosure as to how such compensation is charged with respect to a particular Advisory Client and the risks associated with such compensation prior to making an investment.



## **ITEM 7 – TYPES OF CLIENTS**

SoMa currently provides investment advisory services to the Funds.

The Funds offer interests/shares only to certain qualified investors and admission to the Funds is not open to the general public. The minimum initial contribution for Investors is generally \$1,000,000. However, the minimum initial contribution is subject to reduction or waiver at the discretion of the Fund's General Partner or directors, as applicable (though not below applicable Cayman Islands minimums, for the offshore fund).

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Investment Strategies and Methods of Analysis

SoMa has broad discretion in making investments for the Advisory Clients.

SoMa seeks to generate compound gross returns in excess of market averages by leveraging its investment team's investment experience in the technology media and telecommunications ("TMT") sectors. In particular, SoMa believes that a longer-term investment orientation relative to the short-term gyrations of the stock market creates meaningful opportunity to achieve its targeted returns. In addition, by managing a 'short' portfolio for the Funds alongside its core investment holdings, it seeks to both mitigate volatility and increase the Fund's absolute returns over time.

When deemed appropriate by SoMa, the assets may include swaps, options (including covered and uncovered puts and calls), other derivatives, rights, warrants, private securities, non-U.S. securities, bonds, notes, bills, participating and convertible debt instruments, units, ETFs and other instruments. The Funds may hold part of their assets in cash or in money market and similar instruments. The Funds engage in short selling and hedging and may engage in margin trading and other investment strategies. There can be no assurance that the strategy's investment objective will be met.

The investment strategies summarized above represent SoMa's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which SoMa may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments, or the amount of leverage that it may use. SoMa may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, SoMa may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

### B. Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that SoMa manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or an investor may encounter. Potential investors in a Fund should review such fund's offering circular or private offering memorandum carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. The risks described below also generally apply to individually Proprietary Accounts. A potential client should discuss with SoMa's representatives any questions that such person may have before opening an account.

- SoMa invests substantially all of its available capital in securities. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially.

- Advisory Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- SoMa may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. SoMa also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- Changes in investor sentiment on the market, an industry or sector, or an individual stock can have pronounced effects on securities prices. Rapid changes in investor sentiment cannot be predicted and can be severe.
- SoMa cannot assure that the companies in which the Advisory Clients invests will report earnings or losses as expected.
- SoMa anticipates that the investment portfolio likely will be confined to the securities of relatively few issuers. Loss in any one position or a downturn in any one industry could reduce performance materially.
- SoMa selects investments based in part on information and data that the issuers of such securities file with various government agencies or make directly available to it or that it obtains from other sources. SoMa is not in a position to confirm the completeness, genuineness or accuracy of such information and data.
- SoMa may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. SoMa is not obligated to hedge a client's portfolio positions, and it frequently may not do so.
- SoMa may sell securities short. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.
- Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. SoMa could be subject to such actions, even if they are baseless, and clients could incur substantial costs defending them.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- SoMa may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- SoMa may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- SoMa may use derivative instruments, such as swaps, contracts for difference, participation notes, equity swaps, and zero strike calls and warrants. SoMa could experience losses and delays in closing a derivative transaction. The occurrence of any such event could result

in substantial losses.

- Forward contracts and options thereon are not traded on exchanges and are not standardized. Forward and "cash" trading is substantially unregulated; there are no limits on position sizes or daily price movements. Disruptions can occur. Any such market illiquidity or disruption could adversely affect the Advisory Clients.
- SoMa may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- SoMa may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Some of an account's positions may be or become illiquid, in which case SoMa may not be able to sell such positions.
- SoMa determines the value of securities and commodities held in client accounts, whether or not a public market exists for such instruments. If SoMa's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a fund might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors
- The client and not SoMa is responsible for any trade errors that SoMa makes in an account, even when the error hurts the client (unless due to the gross negligence, willful misconduct or fraud of the SoMa or its affiliates).
- If the assets that SoMa and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for SoMa to find attractive investments as the amount of assets that it must invest increases.
- There is not and will not be an active market for fund interests. It may be impossible to transfer any such interests, even in an emergency.
- An Advisory Client may not be able to generate cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force SoMa to liquidate investments too rapidly, and may so reduce the size of a fund that it cannot generate returns or reduce losses.
- A Fund may limit or suspend withdrawals or redemptions of an investor's assets from the fund.
- A Fund may establish a reserve for contingencies if SoMa considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- SoMa's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

The above is only a brief summary of some of the important risks that a client or an investor may

encounter. Before deciding to invest in a fund that SoMa manages, you should consider carefully all of the risk factors and other information in the respective Governing Documents.

## **ITEM 9 – DISCIPLINARY INFORMATION**

SoMa does not have any reportable disciplinary information relating to the firm or its personnel.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Material Relationships with Related Persons**

SoMa acts as the Commodity Pool Operator (“CPO”) of the Funds, but is exempt from registration as a CPO with the U.S. Commodity Futures Trading Commission.

An affiliate of SoMa serves as general partner of the onshore fund. This creates a potential conflict of interest in that it may cause SoMa or the general partner to take a greater risk than they may have otherwise.

### **B. Selection of Other Investment Advisers**

Not applicable to SoMa.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

SoMa has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940 that establishes standards of conduct for SoMa's supervised persons. The Code of Ethics includes general requirements that SoMa's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to SoMa's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of SoMa receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Advisory Clients or prospective investors may obtain a copy of the Code of Ethics by contacting the Chief Compliance Officer at (415) 318-8960.

### **B. Conflicts of Interest in Connection with Investment Recommendations or Transactions**

The general partner of the domestic Fund and SoMa's principals and employees may invest directly in certain of the Funds but in certain cases such investments may not be subject to the management or performance-based fees described in Item 5 above.

The fact that such persons have financial ownership interests in the Funds creates a potential conflict in that it could cause SoMa to make different investment decisions than if such parties did not have such financial ownership interests. However, SoMa believes that investments in the Funds align supervised persons' interests with the interests of the Funds and Investors.

Further, SoMa (or the General Partner) receives management and performance-based compensation. The Management Fees are payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of SoMa to raise or otherwise increase assets under management to a higher level than would be the case if SoMa were receiving a lower or no management fee. Performance-based fees may create an incentive for SoMa to make investments that are riskier or more speculative than in the absence of such Incentive Allocation.

### **C. Personal Trading By Firm Personnel in Securities Recommended to Clients**

Access Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an employee could improperly use information regarding an Advisory Client's holdings or future transactions or research paid for by the Advisory Clients. An Access Person could take for himself or herself an investment opportunity available to an Advisory Client or could engage in "front-running" of an Advisory Client's trade.

SoMa seeks to manage the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines



for Access Persons. SoMa generally requires that Access Person transactions be pre-cleared with the Chief Compliance Officer (or her designee), with very limited exceptions. Pre-clearance decisions are based on a number of factors, including whether any of the Advisory Clients hold or are contemplating an investment in the given security. Further, in an attempt to deter and prevent improper personal trading, SoMa generally prohibits trading by Access Persons in the securities held by the Advisory Clients. In addition, SoMa receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or her designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.

**D. Personal Trading and Contemporaneous Recommendations to Clients**

Please refer to Items 11.A, 11.B, and 11.C.

## ITEM 12 – BROKERAGE PRACTICES

### A.1. General Brokerage Practices and Best Execution

SoMa has the authority to select the broker-dealer used in each transaction for the Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. SoMa recognizes its duty to obtain “best execution.” Consistent with such duty, in determining best execution, SoMa takes into account the full range and quality of a broker-dealer’s services, including research and other services. SoMa does not select broker-dealers solely on the basis of lowest possible commission costs, but by the best qualitative execution.

Consistent with such policy, consideration is given to a variety of factors, including but not limited to one or more of the following:

- Best price;
- Current market conditions;
- Time constraints;
- Liquidity;
- Volatility of the markets;
- Size and type of transaction;
- Nature and location of the market for the security or asset to be purchased or sold;
- Confidentiality;
- Execution efficiency, settlement capability and financial condition of the Broker-Dealer;
- Full range and quality of the Broker-Dealer’s services;
- Responsiveness, reputation, reliability and experience of the Broker-Dealer;
- Difficulty of execution;
- Reasonableness of any commissions or spreads;
- Past experience with the Broker-Dealer, and its ability to ‘work an order’;
- Financial responsibility and the ability and willingness of the Broker-Dealer to commit capital by taking positions in order to effect transactions;
- Creditworthiness and business reputation of the Broker-Dealer;
- Ability to access various market centers; and
- Available soft dollar programs of the Broker-Dealer.

While SoMa’s primary consideration in allocating portfolio transactions to broker-dealers is to obtain favorable prices and efficient executions, SoMa does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. Commission rates are generally negotiable and thus selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than

would otherwise be obtainable. SoMa may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than Advisory Clients' interest in receiving most favorable execution.

SoMa may also purchase from a broker or futures commission merchant or allow a broker or futures commission merchant to pay for the following (each a "soft dollar" relationship):

- Research reports and forecasts on particular industries and companies;
- Economic data, surveys, research and analyses;
- Research consultant services;
- Market, industry and financial data and analysis; and
- Company and industry news, public filing and event aggregators.

SoMa may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers and futures commission merchants or direct a broker or futures commission merchant that executes transactions to share some of its commissions with a broker or futures commission merchant that provides soft dollar benefits to SoMa.

SoMa may allocate the costs of certain computer equipment and software used for both research and brokerage and non-research and non-brokerage between their research/brokerage uses and non-research/brokerage uses, and use soft dollars to pay only for the portion that SoMa allocates to research uses.

Similarly, SoMa has retained certain brokerage firms to serve as some client's prime brokers and custodians. The services that they provide as prime broker and custodian may include providing custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements entered into with the client. SoMa may receive other services from them. These services may include: technology services, capital introduction services, portfolio reporting and access to Electronic Communications Networks. The arrangement may be deemed to be a soft dollar arrangement. SoMa expects to use a substantial portion of these services for research and trading on behalf of its clients, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if SoMa did not receive these services from them, SoMa would be required to pay for all or some portion of them. SoMa expects to direct some client securities transactions to them and their affiliates, but is not required to direct a particular number of trades to them or to continue to use them as its client's prime broker and custodian, but it has an incentive to do so based on their prior and continued services.

SoMa may select a broker to act as a "trading broker" for a client. In such cases, SoMa or the trading broker may select the executing broker, and the trading broker would then place or manage the order. The trading broker is compensated (through commissions or otherwise) for this trading service in addition to the commissions paid to the executing brokers. As with all soft dollar arrangements, using a trading broker in this manner causes the client to pay brokerage

commissions, mark-ups and other transactions fees that are higher than might otherwise be paid if brokers were selected solely based on lowest execution cost. In addition, using a trading broker (rather than an employee of SoMa) to provide those services may allow SoMa to reduce its own personnel expenses.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. SoMa intends to use soft dollars within the section 28(e) safe harbor.

SoMa may pay to a broker or futures commission merchant commissions and mark-ups that exceed those that another broker or futures commission merchant might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or futures commission merchant provides. SoMa determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or SoMa’s overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from SoMa’s brokerage relationships benefit SoMa’s operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct SoMa to use a broker or futures commission merchant that does not provide SoMa with soft dollar services. SoMa may not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

SoMa’s relationships with brokers and futures commission merchants that provide soft dollar services influence SoMa’s judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. SoMa has an incentive to select or recommend a broker or futures commission merchant based on SoMa’s interest in receiving soft dollar services rather than clients’ interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that SoMa uses soft dollars to pay expenses it would otherwise be required to pay itself.

SoMa addresses these conflicts of interest by periodically evaluating the trade execution services that SoMa receives from the brokers and futures commission merchants that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers and futures commission merchants. SoMa considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers or futures commission merchants, increasing or decreasing targets for each broker or futures commission merchant and the appropriate level of commission rates.

## **A.2. Capital Introduction**

SoMa may direct a certain amount of brokerage to a broker or futures commission merchant in return for the broker’s or futures commission merchant’s referral of prospective clients or investors. Directing brokerage in exchange for client or investor referrals creates a conflict of

interest in that SoMa has an incentive to refer its clients' brokerage business to brokers and futures commission merchants to which it might not otherwise direct transactions.

SoMa does not select broker-dealers solely in return for referrals.

SoMa recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to SoMa or refer Investors. SoMa receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that result from capital introduction services and Investor referrals. Similarly, SoMa receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and Fund investor referrals. The potential for higher fees presents a potential conflict in that SoMa has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories that are part of SoMa's best execution analysis. From time to time, in addition to the evaluation process described in Item 12.A.1 above, SoMa may consider this potential conflict as a part of its best execution review process, which requires that key SoMa individuals look at a broker-dealer's performance in a wide variety of categories. Such reviews allow SoMa to determine when broker-dealers that outperform in capital introduction and Fund investor referrals underperform in other areas. In such situations, SoMa may provide heightened scrutiny to a relationship with a broker-dealer.

**A3. Directed Brokerage**

SoMa does not have directed brokerage arrangements.

**B. Aggregation of Securities Transactions**

As a general matter, SoMa does not have the ability to aggregate orders for multiple Advisory Clients because portfolio trades are made in only one master fund. However, should trading occur in multiple Advisory Client accounts, SoMa will act in a fair and reasonable manner in allocating investment and trading opportunities among its clients. As a general policy, and subject to certain investment limitations as detailed in the Funds' offering documents, if an investment is selected, it will be allocated pro-rata to all Funds based on the relative capital size of each Fund.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Periodic Review of Accounts**

The Advisory Client portfolios are under continuous review by the Principal and other investment staff of SoMa. SoMa conducts a weekly portfolio meeting to formally discuss current portfolio positions on the Funds, as well as discuss of new ideas and investment catalysts. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. SoMa considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

### **B. Client Reports**

Generally, all Advisory Clients receive unaudited monthly statements of net asset value, monthly reports describing the performance of the Funds (as applicable), and annual audited financial statements.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### A. Other Compensation for Provision of Investment Advice

Not applicable to SoMa.

### B. Compensation to Unsupervised Persons for Client Referrals

As indicated in response to Section 7B(1)(28) of Form ADV, Part 1.A, Schedule D, SoMa has entered into arrangements pursuant to which it compensates third parties that are not its supervised persons for investor referrals. In each case, SoMa has granted these third parties a limited right to attempt to locate prospective investors in jurisdictions outside the United States. In general, SoMa has agreed to pay these third parties a portion of the Management Fees and/or Performance-Based Compensation.

## **ITEM 15 – CUSTODY**

SoMa (or the General Partner) is deemed to have custody of the Funds' assets by virtue of its status as investment manager or general partner, respectively.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Investors in the Funds are provided with audited financial statements relating to the applicable Fund within 120 days of the end of such Fund's fiscal year (i.e., generally by April 30). Fund Investors should carefully review such audited financial statements.



## **ITEM 16 – INVESTMENT DISCRETION**

SoMa has discretionary authority to manage securities accounts on behalf of the Advisory Clients.

SoMa is authorized to make transaction recommendations for the Advisory Clients. As explained in Item 4.C above, each Fund's investment strategy is set forth in detail in the Governing Documents. Investors do not have the ability to impose limitations on SoMa's discretionary authority. Further, investors in certain of the Funds must execute a limited partnership agreement that contains a power of attorney.

## ITEM 17 – VOTING CLIENT SECURITIES

### A. Proxy Voting Policy

SoMa's Governing Documents generally give SoMa authority to vote proxies received by Advisory Clients. On behalf of the Funds, SoMa will generally manage the receipt of incoming proxies and place votes based on specified policies and guidelines established by SoMa. SoMa will vote any such proxies in the best interests of the Advisory Clients and in accordance with the procedures outlined below (as applicable).

- Voting with management on routine matters (e.g., election of directors, ratification or selection of accountants).
- Analyzing other management proposals on a case by case basis (e.g. executive compensation, stock option plans, indemnification of directors).
- Opposing anti-takeover proposals, (e.g., supermajority amendments, unequal voting rights plans), except where special circumstances dictate otherwise.
- Analyzing shareholder-led proposals on a case by case basis.

SoMa provides its Investors with a copy of its proxy voting policies and procedures upon request, with the provision that these policies and procedures may be updated from time to time. SoMa will send a written report upon a client's request that will disclose how the client's proxy was voted. Reports will be available for securities voted.

Although SoMa does not anticipate that proxy voting will generally present a conflict of interest between an Advisory Client and SoMa or one or more of its affiliates, SoMa recognizes that it is possible that a conflict of interest could arise. If SoMa identifies a situation which it believes presents a conflict of interest, and if the matter is one for which SoMa's proxy policies as set forth above require a specific vote (e.g., an anti-takeover matter), then the proxy will be voted in accordance with the general policies outlined above.

### B. Inability to Vote Client Securities

Not applicable to SoMa.

## **ITEM 18 – FINANCIAL INFORMATION**

SoMa is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Investors.