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# Higher Moment Capital LP

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This brochure provides information about the qualifications and business practices of Higher Moment Capital LP (“Higher Moment”). If you have any questions about the contents of this brochure, please contact us at 617.219.9901. 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.

Higher Moment is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Higher Moment is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2-Material Changes

This section includes material changes to the brochure since its last filing of on April 25, 2017.

Effective January 1, 2018, the management and performance allocation fees for the Series M interests were reduced to 1.33 % and 16.7%, respectively for the first \$50,000,000.00 invested in the series. Additionally, certain non-material changes may have been made to this brochure since our last submission and consequently, we encourage you to review this brochure in its entirety.

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## Item 4-Advisory Business

Higher Moment Capital LP (“Higher Moment” or the “Investment Manager”), a Delaware limited partnership, was founded in March 2008 as a Delaware limited liability company and converted to a Delaware limited partnership in September 2016. Higher Moment provides discretionary investment management advisory services to certain private funds (each a “Client” or “Fund”; together “Clients” or “Funds”). Currently the Clients include two feeder funds and three master funds.

Higher Moment has been the Investment Manager of Higher Moment Aurora Fund, LP since March of 2008 and Higher Moment Capital Opportunities, LP since December of 2009. Effective September 1, 2016, Higher Moment restructured its funds - while maintaining the existing strategies - to a master feeder structure. With the restructuring, the legacy funds and the general partners of the legacy funds ceased operating.

The feeder funds are Higher Moment Fund LLC (“HMF LLC”), a Delaware limited liability company, and Higher Moment Fund Ltd. (“HMF Ltd.”), an exempted company with limited liability under the Companies Law of the Cayman Islands. Investors participate in the feeder funds via Series A, Series O, and Series M Interests (an “Interest” or “Interests”) based upon their preference. Both feeder funds invest substantially all of their assets as a limited partner in the master funds under a master-feeder structure.

Series A Interests indirectly participate in Higher Moment Aurora Master Fund Ltd. (the “Aurora Strategy” or “HMAMF”), an exempted company with limited liability under the Companies Law of the Cayman Islands, which pursues the strategy of the legacy fund, Higher Moment Aurora Fund, LP.

Series O Interests indirectly participate in Higher Moment Opportunities Master Fund Ltd. (the “Opportunities Strategy” or “HMOMF”), an exempted company with limited liability under the Companies Law of the Cayman Islands, which pursues the strategy of the legacy fund, Higher Moment Capital Opportunities, LP. HMOMF may make investments via its wholly owned subsidiary, the Higher Moment Futures Fund Ltd.

Series M Interests indirectly participate in Higher Moment Multi Strategy Master Fund Ltd. (the “Multi Strategy” or “HMMSMF”), an exempted company with limited liability under the Companies Law of the Cayman Islands. HMMSMF is for investors who wish to have an investment in both the Aurora Strategy and the Opportunities Strategy via an allocation ratio and periodic

rebalancing as determined by the Investment Manager. HMMSMF invests in HMAMF and HMOMF as a limited partner.

Higher Moment tailors investment advisory services to the individual needs of its clients (the Funds) through the use of specific quantitative models and ongoing research and enhancements based upon the broad concepts being pursued in each fund. The Funds documents allow for Higher Moment the manager to have a wide latitude in products traded and strategies pursued within each fund and imposes little to no limitations, leaving the strategy pursued and products traded to the manager's discretion.

Ravi Singh and Sundar Subramaniam (the "Principals") are the principal owners of Higher Moment.

As of December 31, 2017, Higher Moment's discretionary assets under management were approximately \$263.0 million. Higher Moment does not currently manage any assets on a non-discretionary basis.

## Item 5-Fees and Compensation

Pursuant to an investment management agreement entered into between HMAMF and Higher Moment, HMAMF pays to Higher Moment a fixed management fee payable monthly, in arrears, equal to 0.125% (1.5% annualized) of the ending monthly net asset value of each limited partner's capital account (the "Management Fee").

Pursuant to an investment management agreement entered into between HMOMF and Higher Moment, HMOMF pays to Higher Moment a fixed management fee payable monthly, in arrears, equal to 0.167% (2.0% annualized) of the ending monthly net asset value of each limited partner's capital account (the "Management Fee").

Pursuant to an investment management agreement entered into between HMMSMF and Higher Moment, HMMSMF pays to Higher Moment a fixed management fee payable monthly, in arrears, equal to 0.11% (1.33% annualized) of the ending monthly net asset value of each limited partner's capital account (the "Management Fee").

With respect to all Clients, Higher Moment has the right to reduce or waive, from time to time, all or part of the Management Fee attributed to certain investors in the Clients (each an "Investor: together "Investors").

Higher Moment capital does not impose any further fees on its clients beyond the Fixed Management fees (described in the paragraphs above of this section) and Performance Based Participation fees described in section 6 below.

It is worth noting that each Fund bears its own expenses, including, without limitation, investment-related expenses whether relating to investments that are consummated or unconsummated (e.g., brokerage commissions, due diligence costs, expenses of consultants, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges and interest expense); research-related expenses, including, without limitation, news and quotation equipment and services; legal expenses; professional fees (including, without limitation, expenses of consultants and experts); the costs of organizing and maintaining any trading vehicles; costs relating to swaps (and similar agreements); auditing and tax preparation expenses; fees and expenses of the "tax matters partner" or "partnership representative" (which amounts may arise separately as a Fund-level expense); accounting expenses; market data costs; costs of third-party administrators;

costs of any third party engaged to serve as an independent investor representative; fees paid to directors; costs of printing and mailing reports and notices; organizational and offering expenses; costs of the Investment Manager's liability insurance and related insurance; management fees; indemnification expenses; corporate licensing fees and other professional fees; bank service fees; taxes (including withholding and transfer taxes) and other similar amounts (any of which may arise separately as a Fund-level expense); trademarks; regulatory and compliance expenses relating to the Fund or the Master Funds, including expenses of preparing regulatory filings of the Funds, or of the Investment Manager as a result of its management of the Funds, such as Form PF; other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of the Funds' assets (directly or through trading vehicles); and extraordinary expenses and other similar expenses related to the Funds.

Certain organizational expenses of each of the Funds are being amortized by the respective fund over a 60 month period from commencement of the respective Fund.

Clients may terminate Higher Moment's advisory services at any time without penalty, generally upon one months' advance written notice. Withdrawals or redemptions by Investors in a Client can be made on the terms described in the applicable offering documents.

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

At the end of each fiscal year (December 31st) of the Funds, 15% of HMAMF, 20% of HMOMF, and 16.7% of HMMSMF (i) realized and unrealized net capital appreciation less expenses allocated to the capital account of each limited partner during the fiscal year, less (ii) the Management Fee attributable to such capital account will be reallocated from each limited partner's capital account to the respective Higher Moment capital account (the "Incentive Allocation"). The net capital appreciation upon which the calculation of the Incentive Allocation is based will be reduced to the extent of any unrecovered balance of net capital depreciation remaining from the prior year as adjusted for withdrawals.

All fees and expenses and other important information regarding an investment in a Fund, are more fully set forth in each Fund's Offering Documents.

With respect to actual and potential conflicts of interest, the Incentive Allocation made to Higher Moment may create an incentive for Higher Moment to cause the Fund to make investments that are riskier or more speculative than would be the case if such allocation were not made. In addition, since the Incentive Allocation will be calculated on a basis that includes unrealized appreciation of the Fund's net assets, such allocation may be greater than if it were based solely on realized gains.

Higher Moment may provide discretionary and non-discretionary investment management services to other clients, managed accounts and other investment partnerships or funds (collectively, the "Other Accounts"), some of which have similar investment objectives to those of the Funds or which engage in transactions in the same type of securities and instruments as the Funds. Higher Moment may give advice and recommend securities to the Other Accounts which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar to those of the Funds.

If it is determined by Higher Moment that it would be appropriate for the Funds and one or more of the Other Accounts to participate in an investment opportunity, Higher Moment will seek to allocate investments among all of the participating investment accounts, including the Funds, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Funds and the clients for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they will be allocated on a



basis which Higher Moment consider equitable. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which Higher Moment or its affiliates consider equitable.

Higher Moment may purchase or sell securities on its own behalf or on behalf of the Other Accounts which may differ from those purchased or sold for the Funds, even though their investment objectives may be the same or similar. The Fund, for example, may make an investment at the same time that one or more of the Other Accounts is disposing of the same or a similar investment. Likewise, the Funds may make an investment in a position which is already held by one or more of the Other Accounts or a position that is subordinated or senior to or otherwise adverse to a position held by one of more of the Other Accounts.

The Funds may invest in an Affiliated Fund for which Higher Moment also serves as the investment manager. Such an investment will raise potential conflicts because Higher Moment has certain duties to both the Fund and the Affiliated Fund.

## **Item 7-Our Clients**

Higher Moment provides discretionary investment management services to the Funds.

Investors in the Funds are required to meet certain eligibility standards as set forth in each Fund's Offering Documents. Each Fund has a minimum investment requirement for Investors as set forth in such Fund's Offering Documents.

Higher Moment has entered into and may in the future enter into additional side letter arrangements with certain Investors in Funds managed by Higher Moment ("Side Letter Investors") whereby Higher Moment and a Side Letter Investor have agreed (or may agree in the future) to vary the Side Letter Investor's investment terms from those made available to other Investors in the Funds including in connection with due diligence reviews, pursuant to which an Investor may receive reports and have access to information regarding the Fund's portfolio that might not be generally available to other Investors.

## Item 8-Methods of Analysis, Investment Strategies and Risk

### Methods of Analysis

Higher Moment may make extensive use of computer systems and software and may use its own proprietary quantitative models as well as systems which are publicly available or provided by third parties.

The trading decisions of Higher Moment are based on a strategy which seeks to take into account certain "technical" factors in identifying price trends and price movements. The buy and sell signals generated by the system are not based on analysis of fundamental supply and demand factors, general economic factors or anticipated world events but generally upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest.

### Investment Objective and Strategies

Higher Moment's strategies are described briefly below:

#### **Higher Moment Aurora Master Fund Ltd.**

The Aurora Strategy's investment objective is to achieve high risk adjusted returns by allocating capital broadly across asset classes. As a proxy for the asset class allocation the strategy uses liquid exchange traded funds ("ETFs") and futures contracts that track major indices to make its investments. To carry out its investment objective, the Fund utilizes a proprietary quantitative dynamic asset allocation model which decides the direction and size of the positions held on a daily basis.

#### **Higher Moment Opportunities Master Fund, Ltd.**

HMOMF's investment objective is to achieve high risk adjusted returns with an aggressive risk profile. HMOMF was organized for the purpose of investing and trading in securities and financial instruments of all kinds and descriptions, whether publicly traded or privately placed, including, but not limited to, stocks, options, bonds, commodities, futures contracts, derivative products of all types, limited partnership or limited liability company interests, mutual fund shares, closed-end investment funds, currencies, precious metals, and cash and cash equivalents.

We believe that the market frequently misprices securities relative to each other and with rigorous quantitative modeling the Opportunities Strategy can take advantage of

these opportunities. Sizing of positions are based both on quantitative signals and manager assessment of the opportunity. The current strategies include: Volatility Trading, and Relative Value Trading

### **Higher Moment Multi Strategy Master Fund Ltd.**

The Multi Strategy Fund's investment objective is to achieve attractive risk adjusted returns by investing via the other 2 master funds for the Aurora Strategy and the Opportunities strategy in accordance with an allocation and periodic rebalancing as determined by Higher Moment Capital LP the manager.

### **Risks of Investment**

An investment in the Fund(s) should be viewed as a speculative investment. It is not intended as a complete investment program and is designed only for sophisticated investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford a loss of all or a substantial portion of their investment.

**An investment in a Fund involves a high degree of risk, including the risk that the entire amount invested may be lost.**

The Fund(s) invests in, and actively trades, securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from: (i) the volatility of the Fund's performance and markets (equity, fixed-income, futures and currency); (ii) leverage assumed in association with trading in securities (equity and fixed-income, in cash or derivatives) and currencies, if any; (iii) the illiquidity of securities and derivative instruments; and (iv) the risk of loss from counterparty defaults.

The general risks of investment are set forth below, as well as those specific to one or more of the Funds.

**General Liquidity Risks.** Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a Fund's portfolio positions may be reduced. In addition, a Fund may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce a Fund's liquidity. Furthermore, if a Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired.

**Limited Liquidity of Fund Interests.** An investment in a Fund provides limited liquidity because the fund interests are not freely transferable. There is no market for trading in Interests of a Fund and none is expected to develop. Accordingly, an investment in a Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

**Possible Adverse Effects of Substantial Withdrawals.** Certain characteristics of a Fund may increase the negative effect of substantial withdrawals. Actions taken to meet substantial withdrawal requests from a Fund could result in prices of financial instruments held by a Fund decreasing and in Fund expenses increasing (e.g., transaction costs and the costs of terminating agreements). Substantial withdrawals could also significantly restrict a Fund's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on a Fund's performance.

**Risks Related to Global Tax, Legal and Regulatory Compliance.** A Fund is subject to a variety of tax, legal and regulatory frameworks in a number of jurisdictions (“regulatory jurisdictions”) as a result of its global involvement. Although a Fund endeavors to comply with the requirements of all such regulatory jurisdictions, the treatment of entities like a Fund and its investment activities is often uncertain and may frequently depend on determinations of fact and interpretations of complex provisions of law and regulations for which there may be no clear precedent or authority. Where no clear precedent or authority is available, a Fund may employ standard industry practice or conventions to guide its compliance efforts. There can be no assurance, however, that such practice or conventions ultimately will be considered compliant, and as a result, a Fund, despite its efforts, may be exposed to liability, possibly on a retroactive basis, as practice or conventions change or are challenged or the procedures for compliance with the regulatory jurisdictions to which a Fund is subject become clearer. Moreover, the regulatory jurisdictions to which a Fund is subject may be administered on a variable basis and are generally under continued review by government authorities in the various jurisdictions in which a Fund has investment activities, sometimes resulting in revised interpretations of seemingly established concepts.

**Regulatory Changes for Hedge Funds.** The financial services industry generally, and the activities of alternative investment funds and their managers in particular, may be subject to intense and increasing regulatory scrutiny. Such scrutiny may increase a Fund's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory

oversight may also impose additional administrative burdens on Higher Moment.. Such burdens may divert the Higher Moment's time, attention and resources from portfolio management activities.

The regulatory environment for private funds evolves, and changes in the regulation of private funds and their trading activities may adversely affect the ability of a Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by a Fund.

**Dependence on Key Individuals.** Higher Moment is dependent upon the expertise of certain key personnel. If a Fund were to lose the services of Higher Moment and/or if Higher Moment were to lose such key personnel, a Fund would be adversely affected.

**Necessity for Counterparty Trading Relationships; Counterparty Risk.** A Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit a Fund to trade in any variety of markets or asset classes over time. An inability to establish or maintain such relationships would limit a Fund's trading activities and could create losses, preclude a Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent a Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before a Fund establishes additional relationships could have a significant impact on a Fund's business due to a Fund's reliance on such counterparties.

**Use of Systems.** Funds are exposed to the risk that computer hardware, software and other services used by Higher Moment may cease to be available. In such circumstances, Higher Moment would seek to obtain equivalent hardware, software and services from an alternative supplier.

**Inappropriate Parameterization.** The internal computer software takes inputs from a live market data feed, but also utilizes a number of secular parameters to drive its behavior. Higher Moment is responsible for setting these parameters. Since the value of these parameters can have significant and material impacts upon the performance of the system and the trades recommended, the risk exists that Higher Moment will modify these parameters in a manner that is detrimental to performance.

## **Item 9-Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an individual's evaluation of Higher Moment or the integrity of Higher Moment's management. As of the date of this brochure, Higher Moment and its management have not been the subject of any legal or disciplinary events.

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

Higher Moment is registered with the U.S. Commodity Futures Trading Commission as a commodity pool operator and a member of the National Futures Association. Higher Moment Capital LP is structured as a limited partnership; its General Partner is Higher Moment Capital GP, LLC. Ravi Singh and Sundar Subramaniam are both limited partners of Higher Moment Capital LP and also members of Higher Moment Capital GP, LLC. The situation of individuals having a role in multiple entities can of itself create a position of conflict that investors should be aware of.

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

Higher Moment has a fiduciary responsibility to treat Clients fairly and avoid actual or potential conflicts of interest. The employees of Higher Moment have an obligation to act solely in the best interests of Clients, and to make full and fair disclosure of all material facts, particularly where the Clients' interests may conflict with the interests of Higher Moment or its employees.

### **Code of Ethics**

Higher Moment has adopted a written Code of Ethics. All employees are required to acknowledge the terms of the Code of Ethics upon adoption, annually, and as materially amended. Higher Moment will provide a copy of the Code of Ethics to any prospective investor, investor or client upon request.

## Participation or Interest in Client Transactions

Higher Moment may invest Client assets in securities where one or more principals or an employee of Higher Moment has a vested interest. This presents a potential conflict of interest. However, such relationships and potential conflicts of interest are fully disclosed to Clients and investors. Should a conflict such as this occur, it will be reviewed by the CCO and appropriate action will be taken as needed.

## Personal Securities Trading

Higher Moment's employees are permitted to maintain personal trading accounts provided that such accounts are consistent with applicable law, regulatory rules and company policies. Employees may buy, sell or hold for their own personal trading accounts securities, which Higher Moment also may buy, sell or hold for the private funds it manages subject to compliance with applicable laws, rules and regulations. Higher Moment employees who invest for their personal accounts, to the extent an employee invests in an ETF or future contract based on a broad based index for a holding period of greater than a week it is unlikely that an employee will be garnering any type of advantage from their role at Higher Moment. If conflicts such as short term trading or trading synchronized with the funds trading the conflict will be reviewed by the CCO and the activity in question will be halted.

## Item 12-Brokerage Practices

Higher Moment is authorized to determine the broker or dealer to be used for each securities transaction on behalf of its Clients. In selecting the brokers for its Clients, Higher Moment considers such factors as: price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; financial strength and stability; block trading and block positioning capabilities; reputation; infrastructure; reliability; quality of research products or services and other value-added services.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment managers who use "soft dollars," i.e., commissions generated by their advised accounts, to obtain investment research and brokerage services from companies that provide lawful and appropriate assistance to the manager in connection with the investment decision-making process. Higher Moment enters into arrangements under which it receives products and ser-

vices in exchange for soft dollars where it reasonably believes that the arrangement falls within the safe harbor of Section 28(e). Where a product or service provided has both “eligible” uses under Section 28(e), Higher Moment will make a reasonable allocation between the eligible and non-eligible uses and use soft dollars only for the eligible portion.

Research and brokerage services obtained by the use of commissions arising from its Client’s portfolio transactions may be used by Higher Moment in its other investment activities. The Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the soft dollars generated by the Clients’ trading. Higher Moment may direct brokerage to firms that provide such services.

Services constituting “research” that Higher Moment may receive in connection with its Client’s trading may include, but are not limited to: newswire and quotation services; research reports; financial newsletters and trade journals; software used to analyze securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; economic and market information; portfolio strategy advice; industry and company comments; technical data; recommendations; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio securities and technical market action; statistical information; accounting and legal interpretations relating to Fund transactions; credit analysis; risk measurement analysis and performance analysis. These research services are received primarily in the form of written reports, calls and meetings with research analysts. In addition, such research services may be provided in the form of access to computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academicians and/or government representatives. Products and services constituting “brokerage” that Higher Moment may receive in connection with its Client’s trading may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, such as connectivity services between Higher Moment and a broker-dealer and other relevant parties such as custodians; trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; trade clearance and settlement; electronic communication of allocation instructions; routing of settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.



Higher Moment pays bundled commission rates and receives research and brokerage provided by many of its executing and prime brokers. Commission rates are generally negotiable, and selecting brokers on the basis of considerations that are not limited to commission rates may result in higher transaction costs than would otherwise be obtainable. Brokers may provide research and brokerage services directly or by paying service providers engaged by Higher Moment. In addition, Higher Moment may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research services. In any such case Higher Moment will determine in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

Higher Moment may, but is not obligated to, enter into arrangements under which certain direct expenses of its Clients are paid with soft dollars. Higher Moment will enter into such arrangements where it believes that it is administratively or operationally expedient to do so or where they are more favorable to its Client than an arrangement under which its Client pays for the products or services in question with cash.

In addition to any soft dollar arrangements that the Higher Moment enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Higher Moment, without being requested to do so. Similarly, brokers may refer investors to Higher Moment. Higher Moment may take advantage of the products or services provided rather than producing or paying for them from another provider. Similarly, Higher Moment may accept investor referrals from brokers in appropriate circumstances. In these situations Higher Moment receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if its Client accepts new investments.

Higher Moment has an incentive to recommend broker-dealers based on benefits that it receives from brokers, whether or not pursuant to soft dollar arrangements, rather than the interests of its Client in receiving the most favorable execution. Any products or services that Higher Moment receives from broker-dealers may be used in connection with its management of all client accounts, not just selected accounts.

## **Item 13-Review of Accounts**

All Funds are monitored on a daily basis by Higher Moment's Chief Compliance Officer or

his/her designee for performance, composition and market movement.

Investors in the Funds receive a monthly statement which details the monthly and year-to-date activity of their account from the Funds' administrator.

Within 120 days after the end of each fiscal year or as soon as reasonably practicable thereafter, the Funds prepare and mail to each Investor financial statements of the Fund, as audited by the independent certified public accountant selected by Higher Moment.

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

Higher Moment compensates various third parties for client or investor referrals by paying them a percentage of management fees and/or performance fees attributable to any such referrals.

## **Item 15-Custody**

Higher Moment entrusts the securities and certain related assets of the Funds to the physical custody of a brokerage firm which is a member of either the New York or the American Stock Exchange, a United States bank, or another qualified custodian.

## **Item 16-Investment Discretion**

Higher Moment has investment discretion for all accounts. As the Funds presently do not invest in initial public offerings of securities, Higher Moment's discretionary authority is subject to this limitation. In all cases, such investment discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

## **Item 17-Voting Client Securities**

Investment advisers that exercise voting authority over client proxies are required to vote proxies in the best interests of its clients. In furtherance of such objective, Higher Moment follows a policy and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between Higher Moment and a Client. Additionally, Higher Moment maintains certain records relating to all voted proxies. To the extent Higher Moment receives proxies on behalf of the Funds, it will exercise voting authority over Client proxies and vote proxies in the best interests of its Clients.

Clients may obtain information about how Higher Moment has voted Client proxies and may obtain a copy of the Company's proxy voting policy upon request by contacting Higher Moment.

## **Item 18-Financial Information**

Higher Moment does not have any financial condition that would be likely to impair its ability to meet its commitments to its Clients.