

PART 2A OF FORM ADV: FIRM BROCHURE

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March 29, 2018

This brochure (this “Brochure”) provides information about the qualifications and business practices of Concentus Partners Management LLC (“Concentus Partners”, the “Firm,” “we,” “us,” and similar terms). If you have any questions about the contents of this Brochure, please contact Adi Birk, our General Counsel and Chief Compliance Officer, either by telephone at +972-3-777-9000 or by email at adi@claritycap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Concentus Partners also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Concentus Partners is 287646.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services.

Item 2 – Material Changes

This Item 2 is intended to disclose only specific material changes that are made to the Brochure since the Firm's last amendment. This is the first annual amendment to Concentus Partners' Form ADV since its initial application for investment adviser registration filed in March 2017. Additionally, there are no material changes to report in relation to this Item.

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Item 4 – Advisory Business

- A. Concentus Partners is a Delaware limited liability company that was formed in January 2017. The Firm currently has two office locations; the registered office is located in New York, NY and the Firm maintains a branch office in Tel Aviv, Israel. The Firm serves as an investment adviser, on a discretionary basis, to high net worth individuals, corporations and institutions via separately managed account and private fund formats (collectively referred to herein as the “Clients”).

Concentus Partners is owned partially by Clarity Diversified Alternatives Portfolio GP Company LLC (“CDAP Holdings”), a limited liability company organized in Delaware and by Mr. Boris Dvinsky, who serves as the Firm’s Chief Trading Officer (“CTO”) and a Director. CDAP Holdings is partially owned by KCPS Clarity Capital Group Ltd. (“KCPS Clarity Group”), which is a limited company established under the laws of Israel. CDAP Holdings and Mr. Dvinsky each own 50% of the issued and outstanding equity interests of Concentus Partners. Neither Concentus Partners nor its beneficial owners are publicly owned or traded.

- B. The Firm is a quantitatively focused investment management firm whose strategy is focused on long/short investing through the use of process-driven, systematic investment management, generally by employing quantitative analysis, including through licensed mathematical and algorithmic strategies.
- C. Currently, the Firm offers discretionary investment management in separately managed account and private fund format. The firm also provides sub advisory services to another Client, which is an affiliate of KCPS Clarity Capital Group Ltd. The Firm also provides sub advisory services to another Client, which is an affiliate of KCPS Capital Management Ltd. (“KCPS-CM”)

The Firm manages the Clients in accordance with the guidelines set forth in each Client’s investment services contract with the Firm. Certain parameters of such contracts may be tailored, as possible, to fit each Client’s needs; however, due to the nature of the Firm’s strategy, Clients’ ability to impose restrictions on investing in certain securities or types of securities is limited.

The descriptions set forth in this Brochure of the advisory services that we offer to the Clients, and investment strategies pursued and investments made by us on behalf of the Clients, should not be understood to limit the Firm’s investment activities. Subject to each Client’s investment services contract, the Firm may, in its full discretion, offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate.

- D. The Firm does not offer or participate in wrap fee programs.
- E. As of December 31, 2017, the Firm manages \$ 168.9 million of Client assets on a discretionary basis and \$0 of Client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. The Firm accepts a management fee based upon a percentage of Client assets under management and performance-based fees. The Firm retains the discretion to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the Client relationship, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, frequency and types of reports and other factors.

The specific fees and expenses applicable to each Client are set forth in detail in each Client's investment services contract with the Firm or other similar documents. Discounts, not generally available to our Clients, may be offered to family members and associated persons of the Firm and its affiliates.

- B. The Firm bills its Clients quarterly or monthly, in advance, based on the market value of the applicable account at the end of the relevant period. Fees are debited from the applicable Client account. In situations where a Client's account's custodian may not permit direct debiting, the Firm bills the Client directly for any management fees due. The Firm is also eligible to receive performance-based allocations, generally on a quarterly or annually basis (see Item 6 – Performance-Based Fees and Side-by-Side Management).
- C. In addition to management fees charged by the Firm, described above, Clients are also responsible for any other fees and expenses charged by custodians and brokers or dealers relating to the Client's account. This includes, without limitation, expenses directly related to investment transactions and positions for the Client's account (see Item 12, Brokerage Practices for a detailed discussion of the Firm's brokerage practices), including brokerage commissions and custody charges. Additionally, Clients are responsible for paying additional expenses related to accounting, tax and legal fees and costs.
- D. A Client may terminate its investment services contract with the Firm, for any reason, upon written notice to the Firm. The Firm may generally terminate an investment services contract with a Client upon written notice to the Client.

Performance-based allocations are not paid in advance.

- E. Neither the Firm nor any of the Firm's supervised persons accepts compensation (*e.g.*, asset-based sales charges or services fees) for the sale of securities or other investment products.

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

As described above under Item 5 – Fees and Compensation, the Firm is entitled to receive performance-based allocations from the Clients. This arrangement may create a theoretical incentive for the Firm to recommend investments that are riskier or more speculative than would be the case in the absence of such performance allocation. Clients are provided with disclosures contained in the investment services contract relating to the incentive allocation payable to the Firm and the risks associated with their account.

The Firm does not have any side-by-side management arrangements under which accounts are managed in substantially the same manner under different fee structures

Item 7 – Types of Clients

As described in Item 4, the Firm serves as an investment adviser, providing discretionary advisory services, to high net worth individuals, corporations and institutional clients via separately managed account and private fund formats.

Prospective Clients should refer to the terms of the Firm's investment services contract for minimum investment requirements for opening a new account and any additional qualification requirements.

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

A. Methods of Analysis and Investment Strategies.

As referenced in Item 4 above, the Firm's strategy is focused on long/short investing through the use of process-driven, systematic investment management, generally by employing quantitative analysis including through licensed mathematical and algorithmic strategies. Algorithmic trading (*i.e.*, automated or "black box trading") is the process of using software and computers programmed to follow a defined set of instructions for placing a trade. The Firm licenses all of its software and automated trading systems from Elaris Technologies Ltd. (the "Licensor"), which is owned and controlled by the Firm's CTO. The software generates and routes orders for securities and other financial instruments. Orders are generated by the algorithmic development facility provided by the Licensor under exclusive license to the Firm for routing to the relevant exchange or market facility.

The Firm's strategy typically is developed and implemented using high-powered computers. The models and techniques used are highly complex and rely on quantitative analysis of large amounts of real-time and historical financial and other data with a view towards identifying pricing discrepancies, inefficiencies and/or anomalies. As further described below, there are material risks and challenges related to algorithms.

Although all or a significant proportion of the execution of the Client's investments is currently done through algorithms and the automated execution systems, the Firm may exercise discretion in the execution of certain orders in an attempt to improve execution results and/or to achieve other specified objectives. Accordingly, the Firm may at times also employ certain non-systematic investment strategies in order to, among other things, manage certain risks or take advantage of perceived or predicted events or market conditions.

A full description of our investment strategy and processes is included in each Client's investment services contract.

B. Risk of Loss.

Opening an account with the Firm involves substantial risks, and prospective Clients should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with a Client account.

General Risk of Loss. There can be no assurance that a Client's investment objectives will be achieved or that a Client will receive a return of its capital.

No Operating History. The Firm was formed in 2017 and has no operating history upon which Clients can evaluate its likely performance. The prior performance of any other entity or account managed by the CTO should not be relied upon to predict the future performance of the Firm or its Clients.

Quantitative Analysis and Algorithmic Investment. The Firm's strategy is typically developed and implemented using high-powered computers. The models and techniques used are highly complex and rely on quantitative analysis of large amounts of real-time and historical financial and other data with a view towards identifying pricing discrepancies, inefficiencies and/or anomalies. There are material risks and challenges related to algorithms; such risks include, but are not limited to: system failure risks, network connectivity errors, time-lags between trade orders and execution, and imperfect algorithms, which may have a higher risk of occurrence if an algorithm has not been sufficiently or stringently back-tested before it is put into action.

System Response and Access Times; Algorithmic Models. System response and access times for direct market access and algorithmic trading may vary due to market conditions, system performance and other factors. The Firm's algorithmic models derive pricing and trading estimates based on historical value patterns, real-time market data and various other parameters. The ability of the Firm's algorithmic models to achieve the desired performance can be impacted by significant changes in market conditions such as increased volatility, price dislocations, material market events or news or trading halts. Factors such as order quantity, liquidity, spread size and the parameters selected by the algorithmic user may impact the performance results.

There can be no assurances that the strategies pursued will be profitable, and various market conditions may be materially less favorable to certain strategies than others. Mispricings, even if correctly identified, may not be corrected by the market, at least within a time frame over which it is feasible for the Clients to maintain a position. In the event that the perceived mispricings underlying the Clients' trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Firm, the Clients may incur losses. Because the Clients may utilize leverage, it could be forced to liquidate positions prematurely in order to meet margin or collateral calls.

Many of the trading strategies employed by the Firm on behalf of the Clients rely on patterns inferred from the historical series of prices and other data. Even if all the assumptions underlying the models were met exactly, the model can only make a prediction, not afford certainty. There can be no assurance that the future performance will match the prediction. Further, most statistical procedures cannot fully match the complexity of the financial markets and as such, results of their application are uncertain. In addition, changes in underlying market conditions can adversely affect the performance of a statistical model.

Quantitative Strategies and Trading. As market dynamics shift over time, previously highly successful strategies and execution techniques may become outdated – perhaps without the Firm recognizing that fact before substantial losses are incurred. Even without becoming completely outdated, the Firm's strategy may decay in an unpredictable fashion for any number of reasons including, but not limited to, an increase in the amount of assets managed, the use of similar strategies and execution techniques by other market participants and/or market dynamic shifts over time. Moreover, there are likely to be an increasing number of market participants who rely on strategies and execution techniques that may be similar to those used by the Firm, which may result

in a substantial number of market participants taking the same action with respect to an investment.

Reliance on Technology. The strategies utilized by the Firm are fundamentally dependent on technology, including hardware, software and telecommunications systems. The data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, operational, back office and accounting systems, among others, to be utilized by the Firm are all highly automated and computerized. Such automation and computerization is dependent upon licensed software and third-party hardware and software. The proprietary software code typically serves as the only definitive documentation and specification for how such software should perform. Licensed software and third-party hardware and software are known to have errors, omissions, imperfections and malfunctions (collectively, “Coding Errors”). Coding Errors in third-party hardware and software are generally entirely outside of the control of the Firm. The Licensor seeks to reduce the incidence and impact of Coding Errors through a sufficient degree of internal testing and real-time monitoring, and the use of independent safeguards. Despite such testing, monitoring and safeguards, Coding Errors will result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s)—all of which can and do have adverse (and potentially materially adverse) effects on the Clients and/or their returns.

Coding Errors are often extremely difficult to detect. Regardless of how difficult their detection appears in retrospect, some of these Coding Errors will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these Coding Errors can compound over time. Finally, the Firm and/or Licensor may detect certain Coding Errors that it chooses, in its sole discretion, not to address or fix and the licensed software may contain Coding Errors known to the Firm and/or Licensor that it chooses, in its sole discretion, not to address or fix. While neither the Firm nor Licensor performs a materiality analysis on many of the Coding Errors discovered in their respective software code, the Firm believes that the testing and monitoring performed on such software enables the Firm to identify and address those Coding Errors that a prudent person managing a process-driven, systematic and computerized investment program would identify and address by correcting the Coding Errors or limiting the use of the licensed software, generally or in a particular application. Clients should assume that Coding Errors and their ensuing risks and impact are an inherent part of investing with a process driven, systematic investment manager such as the Firm. Accordingly, the Firm will generally not disclose discovered Coding Errors to Clients.

The Firm and Licensor seek, on an ongoing basis, to create adequate backups of software and hardware where possible but there is no guarantee that such efforts will be successful. Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, security breach, virus or other outside force, Clients may be materially adversely affected.

Furthermore, as with all facilities and systems, the automated trading systems, hardware, and software are vulnerable to temporary disruption, failure, inaccuracies, and/or security breaches, including, but not limited to: communication failures or inaccuracies; security quotation and data errors (whether as a result of software errors, automatic price or data misfeeds, or a dealer's mistype or mistake); system or software crashes; distortions; viruses; stolen passwords and/or unauthorized trades; signal power disruptions; and failures of internet reception or routing. System delay or failures can have negative results on investment selection and execution. The result of any system related failure may include, but not be limited to: trades being executed without the Firm's authorization; trades not being executed according to the Firm's instructions or criteria; or trades not being executed at all. The Clients' abilities to recover certain losses or foregone profits due to such disruptions and failures may be subject to limits on liability imposed by system providers, the market, financial institutions, and/or the clearing house.

Reliance on Data. The strategy employed by the Firm on behalf of the Clients is highly reliant on gathering, cleaning, culling and analyzing large amounts of data. It is not possible or practicable, however, to factor all relevant, available data into investment decisions. In addition, due to the automated nature of such data gathering and the fact that much of this data come from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, the Firm and/or Licensor. Additionally, the Firm and/or Licensor, as applicable, may determine that certain available data, while potentially useful for investment decisions, is not cost effective to gather and, in such cases, will not utilize such data. Clients should be aware that there is no guarantee that any specific data or type of data will be utilized in making investment decisions, nor is there any guarantee that the data actually utilized in making investment decisions will be (i) the most accurate data available or (ii) free of errors. Clients should assume that the foregoing limitations and risks associated with gathering, cleaning, culling and analysis of large amounts of data from third- party and other external sources are an inherent part of investing with a process-driven, systematic adviser such as the Firm.

Reliance on the Licensor. The Firm has an exclusive software license for the software discussed herein and related services (collectively, "Software and Systems") from the Licensor, which is controlled by the Firm's CTO, who is entitled to receive a portion of the management fees and incentive allocation of the Clients. The CTO has experience in, and materially oversees, the back testing, development, and programming of the Clients' proprietary risk and trading models.

The Software and Systems may be comprised of: quantitative models and algorithms; optimizers; administrative and technical services; access to technology equipment; maintenance and support services; other related and miscellaneous services; and other order management and execution management systems used to implement the Firm's algorithms and exercise investment discretion for the Firm on behalf of the Clients.

Because of the above, the Clients' performance is materially dependent on Licensor and the talents and efforts of individuals affiliated with the Firm and Licensor.

Cybersecurity Risk. Cybersecurity incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The information and technology systems of the Firm and/or Licensor and of key service providers to the Firm may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The Firm and/or Licensor have implemented policies designed to enhance cybersecurity which they seek to reevaluate based on the changing cyber threat landscape. Although the Firm and/or Licensor have implemented various measures designed to seek to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Firm or a service provider to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. The failure of these systems and/or of disaster recovery plans for any reason could be significant and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information. While many investment advisers and funds are subject to the same or similar risks in respect of their operations, these risks are particularly acute with respect to a Client account due to its fundamental dependence on technology (as discussed herein).

Frequent Trading. The Firm's strategy involves frequent trading of securities which results in significantly higher commissions and charges to Clients due to increased brokerage, which offset Client profits. A security position may be liquidated regardless of its holding period, whether the liquidation is at a gain or loss. It is not possible to estimate the rate of turnover, but turnover is typically significant.

Automated/Active Trading Risks. The Firm's active trading strategy presents the risk of large, immediate losses. The automated trading systems, no matter how convenient or efficient, do not reduce all risks associated with active trading. The software and automated trading systems being employed are relatively new and have been put to limited use to date in portfolio management activities. There can be no guarantee that the software and automated trading systems will achieve their intended objectives.

Proprietary Investment Strategies. The Firm may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Clients. These strategies may involve risks under some market conditions that are not anticipated by the Firm. The strategies employed by the Firm may involve significantly more risk and higher transactions costs than more traditional investment methods. The Firm generally uses investment strategies that are different than those typically employed by traditional managers of portfolios. Such strategies may not be, or may become less, profitable over time, if at all, as the Firm and competing asset managers or investors manage a larger group of assets in the same or similar manner or market conditions change.

Risk of Process Changes. There can be no guarantee that any of the numerous processes that may be developed by the Firm to perform various functions (which may, but are not required to, include, without limitation, processes related to data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, compliance, operations and accounting) will not change over time or, in some cases, cease altogether (such changes or cessations, “Process Changes”). Except as restricted by rule, regulation, requirement or law, the Firm reserves the right to make Process Changes related to the Clients in its sole and absolute discretion. The Firm may make Process Changes for any reason, including due to: (i) external factors such as, without limitation, changes in law or legal/regulatory guidance, changes to industry practice, market factors or changes to external costs; (ii) internal factors such as, without limitation, personnel changes, changes to proprietary technology, security concerns or updated cost/benefit analyses; or (iii) any combination of the foregoing.

Process Changes are inherently unpredictable and may lead to unexpected outcomes which ultimately have an adverse impact on the Clients. In addition, certain Process Changes (for example certain Process Changes made due to changes in law or legal/regulatory guidance) may be made despite the Firm’s belief that such Process Changes will have an adverse impact on the Clients. Finally, while the Firm may notify Clients about certain Process Changes, it is not required to and the vast majority of Process Changes will be made without any such notification.

The above summary does not purport to be a comprehensive discussion of all the risks associated with opening an account with the Firm. Each Client’s investment services contract contains additional information with respect to the terms and conditions of an investment to which a Client will be subject.

Item 9 – Disciplinary Information

Neither the Firm nor any of its management persons has been the subject of any such legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Firm nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. The Firm is partially owned by CDAP Holdings, which is majority-owned by KCPS Clarity Group, which also has several other investment management subsidiaries, each of which is an affiliate of the Firm. Details regarding these subsidiaries and their relationship with the Firm are as follows:
- KCPS CM, an Israeli limited company based in Tel Aviv, Israel, provides investment management services to a variety of clients, including individuals and institutions. Additionally, KCPS-CM serves as the investment manager and general partner of private fund vehicles. One of those vehicles is a client of the Firm. KCPS-CM is registered an investment adviser with the SEC (SEC # 801-108918).
 - Clarity Diversified Alternatives Portfolio Management Ltd, (“CDAP-IM”), a Delaware corporation based in New York, New York, serves as the investment manager of private fund and also to individuals and institutions through separately managed accounts CDAP is registered as an investment adviser with the SEC (SEC #801-107107).
 - Clarity Capital KCPS Ltd. (“CCKCPS”), an Israeli limited company based in Tel Aviv, Israel, provides investment management services to a variety of clients, including high net worth individuals and institutions through separate accounts. CCKCPS is registered as an investment adviser with the SEC (SEC # 801-73767)
 - Clarity Diversified Alternatives Portfolio Holdings LP (“CDAP-GP COMPANY”), a Delaware limited partnership based in New York, New York, serves as the general partner of, and holds management shares of, private fund vehicles managed by CDAP-IM.
 - KCS Partners L.P., an Israeli limited partnership, which serves as the general partner of private fund vehicles managed by KCPS PE Investment Management (2006) LTD (an investment adviser that is registered with the SEC).

None of KCS Partners L.P., KCPS-CM, CDAP-IM, CCKCPS nor CDAP-GP COMPANY (collectively, the “Affiliates”) has registered as, or has a pending application to register as, a broker-dealer, futures commission merchant, commodity pool operator, commodity trading

advisor or an associated person of any of the foregoing entities. However, certain affiliates of the Firm that do not meet the definition of “related persons” have employees that are registered representatives of a broker-dealer.

Management for KCPS CM

KCPS Global Strategies GS I LP (“GS”), which is managed by KCPS-CM, uses the Firm as a sub advisor, which deploys the same investment strategy for various clients. Currently, certain individuals associated with our related persons and one external investor are invested in GS and it is not otherwise being offered to any additional external investors.

In order to mitigate any potential conflict of interests between GS and the rest of Concentus’ Clients, we are confirming on an ongoing basis that the slippage of the orders is minimal. That way, we assure that the GS’ executions are not limited by the strategy capacity. GS uses a different execution platform and different brokers which may cause variation in the fees that are charged comparing to other Concentus’ Clients.

Affiliated Investment Advisers

The Firm and the Affiliates pursue different strategies on behalf of their respective clients.

Some of the Firm’s employees serve as dual officers, employees or investment committee members of one or more other Affiliates. When the Firm and its related persons concurrently manage client accounts/investment products, and particularly when dual officers/employees/investment committee members are involved, this presents certain conflicts, as described below.

Management of client accounts by affiliated investment advisers could give rise to a variety of potential and actual conflicts of interest, including potential front- running in the same security and material non-public information shared across affiliate investment managers. In addition, because the Affiliates perform investment advisory services for various clients, one Affiliate may give advice or take action in the performance of its duties with respect to its clients which differs from the advice given or action taken by another Affiliate with respect to its clients. The Affiliates have taken a number of steps to mitigate these conflicts, including the following:

- The Affiliates have adopted and abide by the same Code of Ethics (see Item 11);
- The Affiliates share the same restricted list of securities (the “Restricted List”);
- Each Affiliate is independently capitalized; and
- Each Affiliate has its own investment committee.

Due to the nature of the Firm’s strategy, it has adopted its own Code of Ethics, as further described in Item 11 and Restricted List, which are, as relevant, consistent with those of the Affiliates.

Although certain investment committee members overlap between Affiliates, the Firm believes that conflicts of interest associated with dual committee memberships are mitigated because the investment pursued by each Affiliate are generally not appropriate for other Affiliates' clients. In addition, the Affiliates do not share specific investment recommendations, and each has taken measures to segregate its portfolio management business activities from the other Affiliates.

D. The Firm does not recommend or select other investment advisers for the Clients.

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

- A. The Firm has adopted a written Code of Ethics (the “Code”) pursuant to SEC rule 204A-1, which establishes the standard of business conduct that all employees must follow in upholding the Firm’s fiduciary duty to its Clients. The Code is designed to promote high ethical standards and sets forth internal policies and procedures designed to address and mitigate actual and potential conflicts of interest between the Firm, its employees and its Clients. The Code is updated by the Firm from time to time, as needed, to reflect new legislation or regulations, or to otherwise reflect evolving best practices. All employees are required to annually certify that he or she has read, understands and agrees to abide by the Code, including the insider trading policies and procedures set forth therein. The Code also establishes guidelines for the appropriate handling and containment of any material non-public information to which an employee may be exposed.

The Code also contains controls implemented by the Firm designed to monitor and mitigate potential conflicts of interest, including specific policies to address, among other things, outside activities of employees, the prevention of insider trading and restrictions on the acceptance or offer of significant gifts.

Further, the Firm has adopted a formal personal trading policy which imposes trading restrictions and/or prohibitions on certain types of securities for personal accounts, including black-out windows where trading in certain securities is deemed restricted; pre-clearance requirements for securities transactions by certain personnel; and mandatory reporting of initial holdings information upon employment and quarterly transaction reporting thereafter. The Firm closely monitors the personal trading of employees to ensure compliance by employees with the Firm’s policies and procedures regarding trading activities.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

- B. Neither the Firm nor any of its related persons recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or any of its related persons has a material financial interest.
- C. As further described in Item 8, the Firm’s strategy is typically executed through algorithms and automated execution systems of the Licensors; as such, it is possible that the Firm, on behalf of its Clients, will invest in securities (or related securities) that the Firm’s related persons recommend to their clients, though none of the Affiliates pursue the same investment strategy as the Firm and none of the Affiliates utilize the Licensors. As noted in Item 10, there are controls in place to mitigate actual or potential conflicts of interest associated with the relationship between the Firm and the Affiliates. Specifically, the Firm and the Affiliates have adopted and abide by the same Code; share the same Restricted List; are independently capitalized; and have their own investment committees. Further, the Affiliates do not share specific investment recommendations and each has taken measures to segregate its portfolio management business activities from the other Affiliates.

The Firm does not have proprietary accounts through which it invests in securities (or related securities) that the Firm or its related persons recommend to Clients.

- D. Some of our employees and certain individuals associated with our related persons have a financial interest in one or more of our clients. Such investments may create conflicts of interest in that we may have a potential incentive to favor clients in which such persons have a more significant interest. We believe that the processes and procedures described in Items 10 and 12 (including our processes for allocating investments) mitigate such potential conflicts.
- E. (See Item 11 B.) Neither the Firm nor its related persons recommend securities to a Client or buy or sell securities on behalf of a Client at or about the same time that the Firm or a related person buys or sells the same securities for its or their own account. In the unlikely event that this should occur, the Chief Compliance Officer would make a determination on a case by case basis to address such a situation and any conflicts of interest that such a transaction would present.

Item 12 – Brokerage Practices

- A. The Firm does not provide custodial services. The Firm manages Client accounts which are held at various banks/qualified custodians. Generally, trades are executed by the custodian in which the Client's account is managed or by such custodian's affiliated broker. The Firm maintains relationships with several custodians/brokers who are offered by the Firm to its Clients prior to or at the time of engagement. No such custodians/brokers are affiliates of the Firm. The Clients then select the most appropriate custodian, generally based on the Firm's recommendation.

The custodians/brokers that the Firm recommends have been carefully selected taking into account the following factors: (i) their ability to effect prompt and reliable executions at favorable prices; (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) their financial strength, integrity and stability; (iv) their reputation; (v) the Firm's risk in positioning a block of securities; (vi) their efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; (viii) the competitiveness of commission rates in comparison with other custodians/brokers satisfying the Firm's other selection criteria; and (ix) other circumstances as may apply to a specific Client (*e.g.*, jurisdiction).

The Firm does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Client securities transactions ("soft dollar benefits").

The Firm does not consider, in selecting or recommending broker-dealers, whether the Firm or a related person receives Client referrals from a broker-dealer or third party.

- B. The Firm may aggregate purchase and sale orders of securities held by its Clients with similar orders being made simultaneously for other accounts or entities if, in the Firm's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such Clients based on an evaluation that such Clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Generally, the purchase or sale of securities for the Clients are effected simultaneously within the same custodian with the purchase or sale of like securities for other accounts or entities. Due to the fact that transactions take place in different custodians/brokers, different prices between different Clients may apply.

Item 13 – Review of Accounts

- A. The Firm and its investment professionals review underlying security positions in Client accounts on a continuous basis. The Firm's reviews Client accounts on a daily basis. Each Client's portfolio is reviewed in the context of each Client's stated investment objectives and guidelines.
- B. A targeted review of a Client account may be triggered by material changes in key variables that may affect the performance of the Clients, including, without limitation, changes in the financial markets or activity, trends in the political, regulatory, or economic environment or revised Client objectives.

Clients receive monthly statements and confirmations of transactions by each Client's custodian or broker with the information made available to the Firm. Additionally, the Firm reports to the Clients informally on an ongoing basis regarding updates on the performance and status of the portfolio and to discuss economic developments, industry outlook and other issues that might impact them.

Item 14 – Client Referrals and Other Compensation

- A. The Firm does not receive economic benefits from anyone who is not a Client for providing investment advice or other advisory services to the Clients.

The Firm may enter into written arrangements with third party marketers for the referral of Clients. Pursuant to the terms of such arrangements, third party marketers may be engaged by the Firm and typically may be entitled to a percentage of management fees earned by it on referred assets. Additionally some of our affiliates may compensate their employees for referred clients.

Item 15 – Custody

The Firm does not have custody of its Clients' assets. As mentioned in Item 12, the assets of the Clients are held by qualified custodians/brokers, which provide periodic account statements to the Firm and/or directly to the Client. In turn, the Firm provides quarterly reports to its Clients relating to each Client account.

Additionally, as described in Item 4, the Firm provides sub advisory services to a Client managed by KCPS-CM, which is a related person of the Firm. KCPS-CM is deemed to have custody of this Client, the assets of which are held by qualified custodians/brokers.

Item 16 – Investment Discretion

The Firm provides discretionary asset management services and, as further described in Item 8 above, the Firm implements its strategy on behalf of the Clients through algorithmic trading (*i.e.*, automated or “black box trading”). Accordingly, the Firm does not (and cannot) contact each Client prior to each trade to obtain the Client’s permission. The Firm accepts full authority to manage securities accounts on behalf of its Clients and implements the strategy in a manner deemed by the Firm in its sole discretion to be suitable for the Clients. Although all or a significant portion of the execution of Clients’ investments is currently done through algorithms and the automated execution systems described in Item 8, the Firm may exercise discretion in the execution of certain orders in an attempt to improve execution results and/or to achieve other specified objectives; in such instances, all investment decisions will be subject to each Client’s investment objectives and guidelines, as set forth fully in its respective discretionary investment services contract with the Firm. Clients are not able to place limitations on this authority.

Item 17 – Voting Client Securities

- A. Generally, the Firm does not have or accept authority to vote Client securities.
- B. Our contracts with our clients may grant us authority to cast all proxy votes on their behalf. In such event, neither our clients nor the investors in the Funds have the ability to direct how we vote proxies.

Clients may obtain a record of how proxies were voted or a copy of the Firm's proxy voting policies upon request.

Item 18 – Financial Information

- A. The Firm does not accept receipt of fees six months or more in advance and therefore has not included a balance sheet. However, the Firm has entered into a loan arrangement with a Client which offsets against future management fees accrued with respect to such Client.
- B. The Firm does not believe that there are any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its Clients in the future.

The Firm has never been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

Not applicable.