

## Emerging Variant Capital Management, LP

3 Columbus Circle, 15<sup>th</sup> Floor  
New York, New York 10019

January 2018

This “**Brochure**” provides information about the qualifications and business practices of Emerging Variant Capital Management, LP. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”), Ronaldo Lyrio, at (646)-757-9516 or by email at [rl@emergingvariant.com](mailto:rl@emergingvariant.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Emerging Variant Capital Management, LP is a SEC registered investment adviser, such registration, however, does not imply a certain level of skill or training.

Additional information about Emerging Variant Capital Management, LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

---

This Brochure is our initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC. Therefore, there are no material changes to report. In the future, if the Brochure – when amended in conjunction with our initial launch and/or any necessary updates – contains material changes from our last update, we will identify and discuss those changes here.

### Item 3: Table of Contents

---

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

#### Item 4: Advisory Business

---

Emerging Variant Capital Management, LP is a Delaware limited partnership (hereinafter “**Emerging Variant**”, “**we**”, “**us**”, “**our**”, the “**Firm**”, or the “**Investment Manager**”) founded in 2017. Emerging Variant serves as the investment adviser, with discretionary trading authority to the following funds: Emerging Variant Partners, LP (the “**Onshore Fund**”), Emerging Variant Offshore Fund Ltd. (the “**Offshore Fund**”), and Emerging Variant Latin American Opportunities Master Fund LP (the “**Master Fund**”) (collectively referred to herein as the “**Funds**” or the “**clients**”). Emerging Variant GP LLC (the “**General Partner**”) serves as the General Partner of the Master Fund and the Onshore Fund.

Santiago Jariton Avila (the “**Principal**”), is the majority beneficial owner of the Firm, and is the Managing Member of EV Capital LLC, the General Partner of the Firm.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal, or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in the Securities Act and “qualified purchasers” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

Our investment decisions and advice with respect to each Fund are subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents.

We do not currently participate in any Wrap Fee Programs.

We do not currently have any client assets under management, but we expect to have, within 120 days of when our initial registration becomes effective, client assets under management sufficient to allow us to remain eligible for registration with the SEC.

#### Item 5: Fees and Compensation

---

The fees applicable to each Fund are set forth in detail in each Fund’s offering documents. A brief summary of such fees is provided below.

##### **Management Fee**

Emerging Variant is paid a management fee, payable in advance of each quarterly period, as compensation for the services to be performed by the Investment Manager (the “**Management Fee**”).

The Management Fee will range between .25% (1.0% per annum) to .375% (1.50% per annum) pursuant to the type of Class Interest.

In Emerging Variant’s sole discretion, the [Management/Performance] Fee may be waived, reduced or calculated differently with respect to certain investors, including the General Partner.

The Investment Manager will be responsible for and will pay all overhead expenses of an ordinary and recurring nature such as rent, supplies, secretarial expenses, its compliance expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

The Master Fund will bear all expenses relating to its ongoing structure and operation (including direct expenses of the Fund and the Offshore Fund), including legal, accounting (including third-party accounting services), administration, audit, and other professional fees and expenses, out-sourced trading expenses, organizational expenses, research expenses (including research-related travel), investment expenses such as commissions, interest, borrowing charges on securities sold short, trading-related technology software costs deemed by the Investment Manager to benefit the Funds such as order and risk management systems, expenses of third-party valuation agents (if any), compliance expenses of the Funds (including expenses related to various filings (or portions thereof) the Investment Manager is required to make as a result of managing the portfolio of the Funds, such as Form PF and expenses related to registration, filing, and/or reporting requirements in any jurisdiction in which the Interests are offered or sold), insurance (including D&O and E&O insurance premiums for the Investment Manager and the directors of the Offshore Fund), custodial fees, bank service fees and other expenses related to the acquisition, workout, disposition, preservation or transmittal of Fund assets.

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

---

##### ***Incentive Allocation***

As of the end of each fiscal year, there will be reallocated from each Limited Partner's Capital Account to the General Partner's Capital Account an amount (the "**Incentive Allocation**") equal to the sum of (a) 10% of the net profits (including realized and unrealized gains and losses), if any, allocated to each Founders Capital Account, (b) 15% of the net profits (including realized and unrealized gains and losses), if any, allocated to each Series A Capital Account and (c) 20% of the net profits, if any, allocated to each Series B Capital Account, in each case, subject to a loss carryforward provision. The Incentive Allocation will be made by the Master Fund with corresponding adjustments at the Fund level.

The allocation by the Master Fund of a percentage of the Fund's net profits to the General Partner from the investors in the Fund ("**Limited Partners**") may create an incentive for the Investment Manager to cause the Master Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

In Emerging Variant's sole discretion, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including the General Partner.

#### **Item 7: Types of Clients**

---

Our clients will be the Funds. Any initial and additional investment minimums are disclosed in the offering memorandum for the relevant Fund.

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

---

### ***Investment Objective and Strategy***

The Fund's investment objective is to generate attractive risk-adjusted U.S. dollar returns through an investment strategy focused on long and short opportunities primarily in equities and equity related instruments, including derivatives, of companies primarily based in, that generate a significant amount of value from or have their primary businesses in Latin America.

The Investment Manager will seek to achieve the Fund's investment objective by combining an investment process that is similar to the style used by private equity managers with strict risk management that is associated with the best hedge fund managers. In terms of the Investment Manager's private equity style investment process, the Investment Manager analyzes each opportunity from the bottom up and takes into account the political and economic environments in which the particular issuer operates in. The Investment Manager will seek to identify the best idiosyncratic opportunities, both on the long and short side, across all countries, sectors and capitalization segments without seeking to mirror any regional index. This process will include seeking to understand the quality of business investment opportunities by (1) making investments that look out several years and not just to the next quarter; (2) understanding the long-term drivers of value as opposed to fixating on quarterly results; (3) investing industries and not just companies; (4) evaluating the quality of management as the operators and capital allocators of a given business; (5) seeking analytical insight off pricing power, operating leverage, unit economics and other drivers of business; (6) adapting the valuation framework to reflect the domestic cost of capital; and (7) analyzing foreign exchange input, output and balance sheet exposure, and performing analyses on different countries to understand economic (domestic and international) cycle sensitivity.

### ***Risk Factors***

#### **Latin American-Related Risks**

The Fund intends to invest substantially all of its assets in financial instruments that are primarily related to the countries and economies of Latin America and consequently, an investment in the Fund may be subject to greater volatility. The economies of certain Latin American countries have experienced high interest rates and inflation rates, economic volatility, currency devaluations, economic, political and social instability, government defaults and high unemployment rates. In addition, commodities (such as oil, gas and minerals) represent a significant percentage of the region's exports, and many economies in this region are particularly sensitive to fluctuations in commodity prices. The economies of Latin American countries are heavily dependent on trading relationships with key trading partners, including the United States, Europe, Asia and other Latin American countries. Adverse economic events in one country may have a significant adverse effect on other countries of this region. In addition, historically, certain Latin American economies have been influenced by changing supply and demand for a particular currency and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries).

### **Short Sales**

The Fund may engage in short selling. Short selling, or the sale of securities not owned by the Fund, involves certain risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### **Leverage**

The Fund will utilize leverage. Leverage increases returns to investors if the Fund earns a greater return on leveraged investments than the Fund’s cost of such leverage. However, the use of leverage exposes the Fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund’s cost of leverage related to such investments and (iv) fluctuations in interest rates on the Fund’s borrowings, which may have a negative effect on the Fund’s profitability. In case of a sudden, precipitous drop in the value of the Fund’s assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage. Since leveraging its assets could be part of the investment strategy of the Fund, in such event, the Investment Manager could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind positions quickly and at prices below what the Investment Manager deems to be fair value for the positions.

### **Non-United States Securities**

The Fund will invest in securities outside of the United States. Investing in securities of foreign governments and companies that are generally denominated in currencies other than the United States dollar, and utilization of foreign currency forward contracts and options on foreign currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Currency Risks**

The Fund’s investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

**Lack of Diversification**

The Fund's portfolio will be invested primarily in equities and equity related instruments, including derivatives, of companies that are primarily based in, generate a significant amount of revenue from, or have their primary value derived from Latin America. As a result, the Fund's portfolio will not be diversified among geographic areas, types of securities, or a wide range of issuers or industries. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wider diversification among geographic areas, issuers, market capitalizations, industries, and types of securities.

**Emerging Market Regulatory and Legal Risks**

The Fund will invest in emerging markets. In emerging markets, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Whatever supervision is in place may be subject to manipulation or control. While many emerging market countries have mature legal systems comparable to those of more developed countries, others do not. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Fund may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-United States courts.

**Latin American-related Debt Securities**

The Fund will be investing in Latin American equities; however the Fund may invest up to 20% of its net assets (measured at the time of investment) in Latin American-related debt securities. In addition to the risks related to investments in Latin America generally and in Latin American equity securities, Latin American-related debt securities are generally subject to a greater risk of loss of principal and interest when compared to securities of issuers in developed countries. Latin American-related debt securities are generally considered to be more speculative with respect to an issuer's ability to pay interest and repay principal. Such securities are also generally subject to greater risk than securities with higher credit ratings in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for non-U.S. debt securities involves great uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for Latin American-related debt securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which securities are sold. In addition, adverse publicity and investor perceptions about Latin American-related debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such securities.

**Futures**

Trading in futures contracts are highly specialized activities that may entail greater than ordinary investment risks. Futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental



programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin of deposit normally required in futures trading, a high degree of leverage is typical of a futures trading account. Consequently, a relatively small price movement in a futures contract may result in substantial losses to the trader. Futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – the Fund could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

### **Special Situations**

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

### **High Yield Securities**

The Fund may invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

### **Distressed Investments**

The Fund may invest in the securities of troubled companies that may result in significant returns to the Fund, but which involve a substantial degree of risk. The Fund may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the Fund's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and Federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with

an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

### **Interest Rate Risk**

The Fund is subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Fund may seek to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options, but there can be no assurance that such strategies will be implemented or, if implemented, would be effective.

### **Credit Default Swaps**

The Fund may utilize credit default swaps. The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Fund may be either the buyer or seller in a transaction. If the Fund is a buyer and no credit event occurs, the Fund will have made fixed payments and received nothing. However, if a credit event occurs, the Fund, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence, investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Fund had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if deliverable security is unavailable or illiquid.

### **Derivatives**

The Fund may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose Limited Partners to a high risk of loss. Transactions in over-the-counter contracts may involve additional risk, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value, incorrect collateral calls or delays in collateral recovery.

### **Counterparty and Settlement Risk**

To the extent the Fund invests in swaps, derivatives or "synthetic" instruments, repurchase agreements, other over-the-counter transactions or non-U.S. securities or engages in securities lending, the Fund may take a credit risk with regard to parties with which it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Any such default by a trading counterparty could result in losses to the Fund due to the delay of settlement of a transaction, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction.

### **Options**

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Co-Investments**

The Investment Manager may, in its sole discretion, provide certain of the limited partners, affiliated funds, strategic investors, lenders and other third parties with an opportunity to co-invest with the Fund in investments (for example, where there is availability for investment in additional shares of a particular issuer, but the Investment Manager determines it is not in the best interest of the Fund for it to acquire such additional shares). Co-investment opportunities may be made available through limited partnerships or other entities formed to make such co-investments (each, a "Co-Investment Fund"). The Investment Manager will allocate available investment opportunities among the Fund, any Co-Investment Fund, any other investment fund managed by the Affiliated Parties (as defined below) or any other clients in a fair and equitable manner as it determines in its sole discretion.

### **Cybersecurity Risk**

The Fund, the General Partner, the Investment Manager and their service providers, including banks, broker dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers and various other forms of cybersecurity breaches. Cyber-attacks affecting the Fund, the General Partner, the Investment Manager or their service providers may adversely impact the Fund. For instance, cyber-attacks may interfere with the processing or execution of Fund transactions, cause the release of confidential information, including private information about limited partners, subject the Fund, the General Partner, the Investment Manager or their affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Fund's key service providers, such as the General Partner, the Investment Manager, banks, broker dealers, custodians or other counterparties

holding assets of the Fund, may cause significant harm to the Fund, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Fund may invest. These risks could result in material adverse consequences for such issuers, and may cause the Fund's investments in such issuers to lose value.

#### **Custody and Prime Brokerage Risk**

There are risks involved in dealing with the custodians or prime brokers who settle Fund trades. Under certain circumstances, including certain transactions where the Fund's assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Fund, and hence the Fund could be exposed to a credit risk with regard to such parties. In addition, there may be practical, or time problems associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

The Fund maintains prime brokerage accounts with Morgan Stanley & Co. and J.P. Morgan (the "Prime Brokers"). Although the Investment Manager monitors the Prime Brokers and believes they or their affiliates are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Fund may use from time to time, will not become insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both.

The Fund and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a partnership by a custodian will not be available to the Fund. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain non-U.S. jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

#### **Lack of Liquidity of Fund Assets; Valuation**

Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

#### **Limited Withdrawal and Transfer Rights**

Limited Partners are limited in their ability to make withdrawals. Limited Partners may only transfer their Interests with the written consent of the General Partner. Accordingly, only investors willing to give up some access and control over their funds should acquire Interests.

### **Non-Disclosure of Positions**

In an effort to protect the confidentiality of its positions, the Fund generally will not disclose all of its positions to Limited Partners on an ongoing basis, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Limited Partners if it determines that there are sufficient confidentiality agreements and procedures in place.

### **Unrelated Business Taxable Income for Certain Tax-Exempt Investors**

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize “unrelated business taxable income” as a result of an investment in the Fund since the Fund may employ leverage. Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Fund on its own tax situation.

### **Accounting for Uncertainty in Income Taxes**

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 (“ASC 740”) (formerly known as “FIN 48”), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. Prospective Limited Partners should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the Fund’s net assets, including reducing the value of the Fund’s assets to reflect reserves for income taxes that may be payable in respect of prior periods by the Fund. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of Interests.

### **Item 9: Disciplinary Information**

---

This item is not applicable.

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

---

Emerging Variant is not registered with the CFTC as a commodity pool operator and does not have any application pending to register. The Firm may choose to register in the future, should they meet the appropriate requirements.

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

---

#### ***Code of Ethics***

Emerging Variant has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and sets forth procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;

- Employees must not conduct any personal securities transactions unless consistent with the Code of Ethics' Employee Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

### ***Personal Securities Trading***

Employees, their spouses or domestic partner (except a spouse or partner with a valid separation/divorce decree) and minor children, and other dependents, are required to periodically report their personal securities transactions and holdings to the CCO. Upon commencement of employment with the Firm, Employees must provide the CCO with the names of any brokerage firms or banks where the Employee has an account in which any securities, futures or commodities are held. These records are used to monitor compliance with Emerging Variant's "**Employee Investment Policy**." The Employee Investment Policy forbids employees and their immediate family members from trading in Latin American single named equity securities.

Employees must obtain pre-approval from the CCO before: (i) making a trade in a non-Latin American equity single named security, (ii) making a trade in a Latin American fixed income security, (iii) entering into Limited Offerings, and (iv) engaging in outside business activities.

In addition, Employees are permitted to trade ETFs, ETNs and non-Latin America Government securities without pre-approval from an Officer of the Firm. Excessive trading of ETF and ETN is not permitted. The CCO will review transactions in ETF and ETNs and will use his discretion regarding what constitutes excessive trading. Any punishment for violations of this policy will be determined on a case by case basis by the CCO.

A copy of Emerging Variant's Code of Ethics is available upon request.

### **Item 12: Brokerage Practices**

---

Emerging Variant is authorized to determine the broker or dealer to be used for each securities transaction for the Fund. In selecting brokers or dealers to execute transactions, we need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Investment Manager will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. It is not the Investment Manager's practice to negotiate "execution only" commission rates, thus the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. However, all transactions will be made on a "best execution" basis.

#### ***Best Execution***

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favourable under the circumstances.

In seeking best execution, we will maintain an account with the Prime Broker, through which we may execute trades, borrow securities and maintain custody of its securities. In selecting brokers and negotiating commission rates, we will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such

brokers. We may place transactions with a broker or dealer that (i) provides us with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by us if otherwise consistent with seeking best execution; provided we are not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, we may, but are not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

### ***Soft Dollars***

The Firm may use “**Soft Dollars**” generated by the Funds’ trading activities to purchase research services or products that would otherwise have been the Firm’s expense. The Firm intends to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

## **Item 13: Review of Accounts**

---

### Review of Accounts

The Funds’ portfolio is reviewed on an on-going basis.

### Client Reports

The independent Fund administrator provides monthly NAV and account statements to investors in the Funds. The Firm provides quarterly investor letters to each investor in the Funds.

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

---

Emerging Variant does not currently employ any third-party marketers or solicitors for client referrals. The Firm may, in the future, compensate for client referrals to third-party solicitors who receive compensation for referrals.

## **Item 15: Custody**

---

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “audit approach” which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

## **Item 16: Investment Discretion**

---

We have full discretionary authority over the Funds. Any limitations on authority are included in the PPMs and other governing documents of the Funds.

**Item 17: Voting Client Securities**

---

To the extent that we are delegated proxy voting authority on behalf of the Funds, we will comply with our proxy voting policies and procedures that are designed to ensure that such proxies are voted in the best interest of the Funds. The investors in the Funds may not direct voting of proxies.

Upon request, we will provide investors with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds.

**Item 18: Financial Information**

---

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Emerging Variant is not aware of any financial condition reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.