

## **Inferent Capital™, LLC**

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This “**Brochure**” provides information about the qualifications and business practices of Inferent Capital, LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Marc Rieffel, by email at [marc.rieffel@inferentcapital.com](mailto:marc.rieffel@inferentcapital.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.

Inferent Capital, LLC is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that Inferent Capital, LLC or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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Since the last ADV filing, the Firm has launched new funds. As such, the funds have been added to this Brochure.



**Item 3: Table of Contents**

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Item 2: Material Changes .....	2
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 .....	5
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	12
Item 12: Brokerage Practices .....	13
Item 13: Review of Accounts.....	13
Item 14: Client Referrals and Other Compensation.....	14
Item 15: Custody .....	14
Item 16: Investment Discretion.....	14
Item 17: Voting Client Securities .....	14
Item 18: Financial Information .....	15

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**Item 4: Advisory Business**

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Inferent Capital, LLC is a Delaware limited liability company (hereinafter “**Inferent**,” “**Investment Manager**,” “**we**,” “**us**,” “**our**” or the “**Firm**”) with a principal place of business in New York, New York.

*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 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.*

Inferent manages the following private, pooled investment vehicles: Inferent QE Client, LP (the “**Client**”), Inferent QE Fund International, LP (the “**Offshore Fund**”), Inferent QE Fund, LLC (the “**Onshore Fund**”), and Inferent QE, LLC (the “**Fund General Partner**”) and Separately Managed Account, collectively “**Managed Vehicles**”.

The Master Fund, the Onshore Fund, and the Offshore Fund, and the Separately Managed Account are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**.”

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. Additionally, the investment objectives and guidelines for each separately managed account are documented in the applicable investment management agreements.

We do not currently participate in any Wrap Fee Programs.

We have approximately US\$62,000,000 of regulatory assets under management.

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**Item 5: Fees and Compensation**

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**Management Fee**

Inferent is paid an investment management fee (“**Management Fee**”) per annum of the net asset value of the Funds. The Management Fee may be paid in advance, equal to 1/12 of 2.00% of the balance, as of the beginning of the applicable month.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for any Investor.

**Item 6: Performance-Based Fees and Side-By-Side Management**

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We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

**Item 7: Types of Clients**

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Our clients are Funds and the Separately Managed Accounts.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued, and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

***Investment Objective***

The investment objective of the Master Fund, Onshore Fund, Offshore Fund, and Separately Managed Account are to seek attractive risk-adjusted returns. They seek to achieve this investment objective primarily by investing using strategies that focus on long and/or short positions in equities and equity-related securities or issuers, including exchange-traded funds. There is no assurance that they will achieve their investment objective or be profitable or that an investment in Regular Interests will not result in capital losses.

***Investment Strategy***

The Investment Manager expects initially to trade the Client's assets using investment strategies that focus on long and/or short positions in equities and equity-related securities or issuers, including ETFs. The investment strategies deployed will be largely quantitative and systematic seeking to minimize exposure within tolerance bands to non-idiosyncratic risk factors including net market exposure, net industry or sector exposure, net country exposure, net beta exposure, as well as a net exposure to a number of style related factors including growth and value. The initial set of securities are expected to focus on exposures to the top 3,000 most liquid U.S. equities and equity-related securities or issuers, including select ETFs.

The Investment Manager evaluates, from time to time as it considers appropriate, opportunities in a broader set of securities including non-U.S. securities, particularly in light of increases in the Client's level of assets. More generally, the Investment Manager may modify the investment strategy it initially deploys on behalf of the Client, or add to or otherwise change the set of investment strategies that it deploys on behalf of the Client, at any time and from time to time, without the consent of or notice to any Regular Member.

The Investment Manager has authority to evaluate potential investment strategies and potential Investments on behalf of the Client and to decide, on behalf of the Client, (a) when to purchase, sell, or hold a particular Investment; (b) when to deploy or cease to deploy a particular investment strategy or activity; and (c) the mix of Investments held by the Client. In connection with any Investment or investment strategy or activity, the Client may establish wholly- or partially-owned subsidiaries or may utilize any other structure or arrangement that the Investment Manager determines to be appropriate.

***Risk Management***

Our investment program is speculative and entails potential substantial financial risks. We will focus on managing risk through the quality of our investment process and monitoring of investments. We as a Firm do not bring on unnecessary risk without complete analysis and assessment of each potential investment.

***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments.

***Short Sales***

The Investment Manager's investment strategy is expected to result in the Client's participating in "short sales." When the Client engages in a short sale, it borrows securities from a financial counterparty (*i.e.*, a lender with respect to the relevant securities) and sells such securities to another person, with an obligation to return to the lender an equivalent amount of the borrowed securities at a later date. Short selling allows the Client to profit from declines in a security's value.

While short sales may be useful under certain circumstances in the pursuit of potential profit opportunities and/or the mitigation of certain forms of risk, they may result in a theoretically unlimited loss of capital, and can result in significant losses within a relatively short period of time, whether due to price changes, recalls sought and penalties imposed by lenders of the borrowed securities, "short squeezes", unavailability of the securities at the time the Investment Manager desires to close out the short position, or other causes. Financing methods employed by the Client may involve the economic equivalent of short positions in various Investments, which could have economic consequences substantially similar to those caused by the execution of short sales.

Short sales historically have been, and continue to be, subject to certain restrictions under U.S. federal securities laws. Moreover, under certain provisions of the Dodd-Frank Act, the SEC may propose certain short sale and/or short position reporting requirements that may have the effect of deterring or limiting short selling of U.S. equities in general. Any ongoing or

future regulatory limitations on short selling, or any ongoing or future requirements to disclose short sales or short positions, may materially adversely affect the Investment Manager's ability and willingness to implement its investment strategy on behalf of the Client.

**Exchange-Traded Funds**

The Client may make investments in the securities of ETFs in different asset classes and sectors. ETF securities represent interests in (i) fixed portfolios of common stocks designed to track the price and/or dividend yield performance of broad-based securities indices (*e.g.*, the S&P 500) or (ii) "baskets" of securities related by industry, sector, and/or other shared attributes. ETF securities are traded on exchanges, and the value of ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the *pro rata* value of the underlying portfolio of securities. ETF securities are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in securities, as the case may be. Furthermore, certain ETFs in which the Client may invest may leverage their assets, thereby significantly increasing the potential volatility of such ETFs. ETF securities are typically structured as investments in U.S. registered investment companies and, therefore, the Client's percentage ownership of certain ETFs may be restricted under the Investment Company Act.

**Leverage; Margin**

The Investment Manager's investment strategies are expected to involve the use of leverage by the Client. In particular, the Client may buy certain Investments on margin or otherwise use borrowed funds to acquire Investments or to support its portfolio. The use of leverage will permit the Client to hold assets with a value that exceeds its capital.

The amount of leverage employed by the Client is determined by the Investment Manager, and the Investment Manager is authorized to cause the Client to employ leverage up to the maximum permitted by applicable law (subject to any limits imposed by any person extending credit or otherwise providing leverage to the Client). Leverage will amplify the Client's returns if the Client earns a return on Investments purchased with borrowed funds that is greater than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional risks, including: (i) greater losses from Investments than would otherwise have been the case had the Client not borrowed to acquire its Investments; (ii) margin calls or interim margin requirements, which may force premature liquidations of Investments; and (iii) losses on Investments where the Investments fail to earn a return that equals or exceeds the Client's applicable cost of borrowing. In the event of a sudden, precipitous drop in value of the Client's Investments, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses. The use of leverage by the Client will increase the volatility of the investment performance of the Client's portfolio and, as a result, will increase the volatility of the returns experienced by Regular Members.

The Client may incur potentially significant expenses, including interest charges and commitment fees, in connection with any leverage that it uses. In addition, the rights of any lenders to the Client to receive payments of interest or repayments of principal generally will be senior to those of the investors in the Client (that is, the Feeder and the Offshore Feeder), and consequently senior to any rights to receive payments that the Regular Members have. The terms of any such borrowing may restrict certain activities of the Client, including the ability to make distributions. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager's being



forced to unwind the Client's positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

Notwithstanding the foregoing, the Investment Manager may find it difficult, impossible, or prohibitively expensive to obtain or maintain leverage for the Client. Events in the global financial markets have tended to decrease the availability, and increase the cost, of certain forms of financing. In such event, the Investment Manager could find it difficult to implement its investment strategy on behalf of the Client, and any inability or unwillingness to obtain, employ, and/or maintain leverage or other forms of financing would be expected to result in lower (and potentially materially lower) returns to Members than had the Client been able to obtain, employ, and/or maintain such leverage.

Although the Client does not anticipate initially using total return swaps to generate leverage for its portfolio, it has retained the authority to do so. Any such leverage employed by the Client may not be apparent from the balance sheet or other financial statements of the Feeder and/or the Client (not all of which may be available for inspection by Regular Members), and a portion of the leverage employed may be effected through off-balance sheet transactions or methods.

**Limited Diversification; Concentration; Correlation**

The investment strategy that the Investment Manager intends to deploy on behalf of the Client is expected to result, under most circumstances, in a portfolio that is relatively broadly diversified among issuers. None of the Client, the Investment Manager, however, is required to ensure that the Client's portfolio is broadly diversified among particular issuers (and/or among industries, issuances, exchanges, counterparties, types of Investments, countries, and/or other shared characteristics), other than to the extent that such requirements (if any) are imposed by applicable law or regulation. In general, less diversification will tend to expose the Regular Members to greater volatility and/or risk than would be the case with a more broadly diversified portfolio. There can be no assurance, however, that if the Client's portfolio is more diversified it will experience a reduction in volatility and/or risk. In addition, to the extent that the Client's portfolio is concentrated in particular types of issuers, industries, issuances, exchanges, counterparties, types of Investments, countries, and/or other shared characteristics, such concentration would magnify the risks associated with such Investments for the Client, including the risk of significant losses.

Although the Client expects that the investment strategy employed on its behalf will not be closely correlated with the S&P 500 index (or any other market index), there can be no assurance that the Client will achieve such uncorrelated returns. In addition, there can be no assurance that the Investment Manager will value less-correlated returns more highly than any other factor in selecting the Client's Investments and/or in developing and implementing its investment strategies. Furthermore, the investment strategy deployed on behalf of the Client generally, and certain of the Client's Investments taken individually or as a subset of the portfolio, may experience returns that individually or in the aggregate are correlated (possibly highly) with various market indices or other strategies, including with various markets or exchanges around the world.

**Derivative Instruments**

The Client may trade all types of derivative instruments without limitation other than any applicable limitations imposed by regulations and/or by the Client's counterparties and clearing brokers. The exposure of the Client to any of the Investments listed in Section 3.2 may



be in the form of derivative instruments. Derivative instruments are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index, interest rate, or other reference instrument. Examples of derivative instruments include swaps, futures, forwards, options, warrants, options on futures, and swaptions.

Investments and trading in derivative instruments are generally highly speculative and involve various risks that are different in certain respects from, and are possibly greater than, the risks associated with investing directly in the applicable underlying assets or reference instruments. Examples of various risks associated with derivative instruments include market risk, complexity, a high degree of leverage, illiquidity, the absence of reliable price quotes and/or a reliable trading market, unstable correlation between a derivative instrument and the underlying asset or reference instrument, volatility, tax risk, government intervention to influence prices, legal or regulatory uncertainty, and nonperformance of the Client's counterparties (including direct or central counterparties).

In addition, agreements that govern the Client's Investments in derivative instruments typically impose obligations on the Client and/or the Investment Manager. Under such agreements, a failure to observe such obligations may result in the declaration of an event of default, which would permit the counterparty to exercise a range of remedies, possibly including the ability to unilaterally terminate Investments governed by such agreements and to require the Client to pay such counterparty the replacement cost of the terminated Investments that may be based on market quotes obtained by such counterparty, which quotes may be materially different than market prices and may be adverse to the Client. Such agreements also typically include payment or valuation provisions that require determinations by a calculation agent or a valuation agent (typically the dealer). If the Client or the Investment Manager is unable to negotiate favorable terms for such provisions or rights to dispute such determinations, the counterparty may have rights to make determinations that adversely affect the applicable Investments.

Trading derivative instruments might deprive the Client of certain tax benefits obtained from trading the underlying assets or reference instruments and/or, with respect to over-the-counter derivative instruments, from trading exchange-traded instruments. Trading in options or warrants involves a risk of loss related to the premium for the option or warrant as well as a risk of loss related to the value of the underlying security or instrument, which loss in either case could be substantial. If the Client, as purchaser of an option, exercises the option, the Client will in effect be buying or selling the underlying instrument, and will then be subject to the same risks as are attendant to trading in such instrument. The writing of an uncovered option by the Client may result in an unlimited loss of the Client's capital within a relatively short period of time and/or the obligation of the Client to post substantial additional margin or collateral.

Trading in futures contracts and options on such contracts may be subject to limitations imposed by regulatory authorities and relevant exchanges, which may prevent the Client from liquidating positions and could subject the Client to substantial losses. There can be no guarantee that there will at all times be a liquid market for options or derivatives purchased or sold by the Client, as a market could become unavailable if one or more exchanges or dealers were to stop trading in the applicable options or derivatives. If trading is interrupted in an underlying instrument, the trading of options or derivatives on that instrument is usually halted as well. During any interruption in trading, holders and writers of options or derivatives may not be able to close out their positions until trading resumes, and they may be faced with considerable losses if the instrument reopens at a substantially different price.

**Illiquidity of Investments**

Although the Investment Manager expects that the Client's portfolio will generally comprise very liquid Investments, the Client is permitted to acquire illiquid Investments and may hold Investments that become more difficult to dispose after the Client acquires them, whether due to market forces, developments involving the applicable issuers, restrictions imposed on the trading of such Investments or the markets on which they are traded, and/or otherwise. Illiquid Investments may involve significant transaction costs when they are disposed, whether because of adverse price movements (whether related to liquidity or otherwise), increased spreads between quotes and dealer mark-ups, and/or otherwise. In addition, illiquid Investments may be difficult to value accurately, and valuations of such Investments may rely on estimates and/or models. (See Annex B.5.2.) There can be no assurance that such Investments will not constitute a material or substantial portion of the Client's portfolio at any time, and the risks associated with illiquid Investments could have a material adverse effect on the Client's returns.

**Portfolio Turnover**

The investment strategy employed for the Client will require the Investment Manager to actively trade the Client's portfolio, and, as a result, the Client may experience rapid turnover. Rapid turnover is expected to cause the Client to experience substantial brokerage fees and commissions, and/or increased aggregate liquidity costs (or price "slippage"), any or all of which could have a material adverse effect on the Client's performance.

**Hedging Transactions**

The Investment Manager may seek to limit the Client's exposure to various risk factors through the use of certain hedging techniques. There can be no assurance that such hedging techniques will be effective or that they will result in higher or more stable returns than would have been the case had they not been employed. Moreover, such hedging techniques will tend to limit any potential gain that might result from an increase in the value of a hedged position.

It should be noted that any hedging techniques employed on behalf of the Client would be intended only to reduce exposure to certain risks and not to reduce all forms of investment risk. Further, the Client is not obliged to hedge any particular form of risk in any particular situation, and the Client will be free to assume such risks and/or to change its investment policies and practices in any manner as determined by the Investment Manager and without the approval of or notice to the Regular Members.

Under certain circumstances, hedging techniques intended to reduce certain forms of risk may actually increase risk, whether due to the unintended market impact of hedging transactions, leverage effects associated with hedging positions, unexpected adverse price movements of a hedging instrument relative to the hedged instrument (*i.e.*, adverse changes in the "basis" between the hedging and the hedged instrument), lower liquidity of the hedged and hedging positions relative to an unhedged position, and/or other factors. In addition, even where the Client seeks to hedge a particular risk, a suitable hedging transaction might not be identified by the Investment Manager, not be available to the Client, and/or not be successfully executed. Moreover, if the Client were to use derivative instruments for hedging purposes, then an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying Investment sought to be hedged may prevent the Client from achieving the intended hedging effect or expose the Client to the risk of loss.

**Complexity of Systematic and Quantitative Investment Strategies**

Many of the Investment Manager's current and anticipated investment strategies are systematic and quantitative, and the Investment Manager and other Manager-Related Entities expect to rely, in developing, deploying, implementing, and monitoring such strategies, on sophisticated mathematical calculations and complex computer programs. Although the Investment Manager and other applicable Manager-Related Entities use good faith efforts to carry out such calculations and programs correctly and to use them effectively, there can be no assurance that such efforts will be successful and will not at any time, or from time to time, fail. Errors may occur in designing, writing, testing, monitoring, and/or implementing such calculations and programs, including errors in the manner in which such calculations and programs function together. Any such error may be difficult to detect, and may not be detected for a significant period, and could have a material adverse effect on the Client and the Feeder. In addition, such calculations and programs are dependent on accurate market and other data, and inaccuracies in and any corruption of such data (or errors in incorporating such data) may have a material adverse effect on the results of such calculations and/or programs. The effectiveness of trading strategies that rely on such calculations and programs may diminish over time, including as a result of changes in the relevant markets, changes in the behavior of other market participants, and/or changes in the channels through which the Client's trading is performed. The Investment Manager and/or other Manager-Related Entities may respond to such diminishing effectiveness by making certain changes to the Client's investment strategies and/or the manner in which they are implemented. Any such changes, to the extent that they require modifications of the relevant computations and/or programs, would incur the risk of errors as outlined above.

The complexity of the components of the investment strategies deployed on behalf of the Client by the Investment Manager and the interactions among such components may make it difficult or impossible to detect the source of any weakness or failure in such components and/or such calculations and programs before material losses are incurred. In some instances, for example, it may be difficult or impossible to distinguish unexpected trading results caused by market activity from unexpected trading results caused by an error in the applicable calculations and/or programs. The mathematical calculations and computer programs used by the Investment Manager on behalf of the Client are subject to inherent limitations and may be improved with the increase in experience, refinement of the relevant investment strategies, and/or changes in markets and/or trading channels. There can be no assurance, however, that the Investment Manager or any other relevant Manager-Related Entity will be able to, or will, make any such improvements, and its inability or failure to do so could have a material adverse effect on the Client and the Feeder.

Further, the nature of the investment strategies that the Investment Manager deploys on behalf of the Client may make the Client more susceptible to risks arising from the systematic and/or algorithmic trading of other market participants, which at times may represent a significant portion of the trading activity in the markets in which the Client trades. The behavior of one or a small number of market participants can cause trading effects that can result in dramatic movements in the prices of individual securities and/or the market as a whole. The systematic nature of the Investment Manager's investment strategies deployed on behalf of the Client, and its expected exposure to a substantial portion of the market of equity securities of large capitalization U.S. issuers, may make the Client particularly susceptible to such movements, which could have material adverse effects on the Client.

**Item 9: Disciplinary Information**

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This item is inapplicable.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively. We may choose to register in the future.

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

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***Code of Ethics***

Inferent has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our partners, officers, directors, employees, individual consultants and other persons occupying a similar status or performing similar functions (“Covered Persons”) and procedures regarding our Covered Persons’ personal trading of securities. Our Covered Persons are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Covered Persons 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:

- Covered Persons must at all times place the interests of the Funds, Separately Managed Accounts, and Investors first;
- Covered Persons must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Covered Person Investment Policy (described below); and
- Covered Persons should not take inappropriate advantage of their position at the Firm.

***Personal Securities Trading***

As part of its Code of Ethics, Inferent has adopted a Covered Person Investment Policy, which requires the reporting of certain personal holdings and trades, and preapproval for certain transactions.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request.

***Participation or Interest in Client Transactions***

Neither we nor our related persons generally purchase any securities for our own accounts from, or sell any securities for our own accounts to, the Funds or Separately Managed Accounts. We may solicit qualified clients to invest in a Fund. We could be considered to have recommended an investment in the Fund or Separately Managed Accounts as suitable for a client as a result of our relationship with the Fund or Separately Managed Accounts. We will

inform each client of our relationship with a Fund prior to the client's investment, but we do not intend to advise clients as to the appropriateness of the investment and we will not receive any compensation for selling interests in a Fund or Separately Managed Accounts (except to the extent that we receive our Management Fee and Performance Allocation from Investors).

We disclose these, and other potential conflicts of interest, to Investors in the Fund's offering documents or as applicable to the Separately Managed Accounts investment management agreement. Offering documents are delivered to Investors prior to their investment and Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving us, our affiliates, or the executive officers of the foregoing.

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**Item 12: Brokerage Practices**

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Inferent is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' or Separately Managed Accounts securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" as defined under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

***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 transactions (across the portfolio) are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

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**Item 13: Review of Accounts**

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Our portfolio manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund or Separately Managed Accounts to ensure that they conform with the investment objectives and guidelines that are stated in the Funds' offering documents or applicable Separately Managed Accounts investment management agreements. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management, and changes in the markets that may affect price levels.

***Account Reporting***

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We may also distribute other interim reports to Investors.



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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

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**Item 15: Custody**

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We will comply with Advisers Act's "**Custody Rule**" by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

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**Item 16: Investment Discretion**

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We will have full discretionary authority over the Fund and Separately Managed Accounts, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities. Our investment decisions and advice with respect to the Fund and Separately Managed Account are subject to the Fund's investment objectives and guidelines and the Separately Managed Account's Investment Management Agreements.

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**Item 17: Voting Client Securities**

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In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, we may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to our clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of our clients, on the one hand, and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

**Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.

