



**Alphadyne Asset Management LP**

17 State Street, 30<sup>th</sup> Floor  
New York, NY 10004

**Alphadyne Asset Management (UK) LLP**

11-12 Hanover Square, First Floor  
London, W1S 1JJ

**Alphadyne Asset Management Holdings Limited**

Otemachi Park Building  
1-1-1-Otemachi  
Chiyoda-ku, Tokyo 100-0004

**Alphadyne Asset Management (Hong Kong) Limited**

AIA Central  
1 Connaught Road, #508-09  
Central, Hong Kong

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This Brochure provides information about the qualifications and business practices of Alphadyne Asset Management LP, the filing adviser, and Alphadyne Asset Management (UK) LLP, Alphadyne Asset Management Holdings Limited, and Alphadyne Asset Management (Hong Kong) Limited, each a relying adviser. Unless context suggests otherwise, references herein to “we” or “us” or “our” refer to all of Alphadyne Asset Management LP, Alphadyne Asset Management (UK) LLP, Alphadyne Asset Management Holdings Limited, and Alphadyne Asset Management (Hong Kong) Limited. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (the “CCO”), Alan Weiss, at 212-806-3700. Additional information about Alphadyne Asset Management LP, Alphadyne Asset Management (UK) LLP, Alphadyne Asset Management Holdings Limited, and Alphadyne Asset Management (Hong Kong) Limited may be found at [www.adyne.com](http://www.adyne.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.

Alphadyne Asset Management LP, Alphadyne Asset Management (UK) LLP, Alphadyne Asset Management Holdings Limited, and Alphadyne Asset Management (Hong Kong) Limited are registered investment advisers. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Alphadyne Asset Management LP, Alphadyne Asset Management (UK) LLP, Alphadyne Asset Management Holdings Limited, and Alphadyne Asset Management (Hong Kong) Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since our last annual updating amendment, filed March 31, 2019, we have made the following material changes to the Brochure:

- Item 4 has been updated to reflect the current status and completion of the spinout transaction involving Astignes Capital Asia Pte. Ltd. (formerly known as Alphadyne Asset Management Pte. Ltd.).
- Item 5 has been updated to clarify costs and expenses generally incurred by investors in the funds.
- Item 6 and Item 7 have been updated to clarify the allocation methodologies and practices employed by the Investment Manager and Sub-Advisers, and certain conflicts of interests in relation thereto.
- Item 8 has been updated to be consistent with certain risk factors in the funds' offering memorandum (*e.g.*, Lack of Liquidity of Fund Assets, Risk of Natural Disasters and Epidemics, Consequences of Force Majeure Events).
- Item 11 has been updated to be consistent with disclosures in the funds' offering memorandum (*e.g.*, Trade Allocation and Use of Correlation Adjustment Factor) and to clarify methodologies and practices relating to cross trades.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

## Important Note about this Brochure

*This Brochure is not:*

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below)*
- *a complete discussion of the features, risks or conflicts associated with any Fund*

*As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), the Investment Manager and the Sub-Advisers (each as defined in Item 4) provide this Brochure to current and prospective clients and may also, in their discretion, provide this Brochure to current or prospective investors in a Fund, together with other relevant governing documents, such as the Fund's offering or private placement memorandum, prior to, or in connection with, such persons' investment in the Fund. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.*

*Although this publicly available Brochure describes investment advisory services and products of the Investment Manager and the Sub-Advisers, persons who receive this Brochure (whether or not from the Investment Manager or the Sub-Advisers) should be aware that it is designed solely to provide information about the Investment Manager and the Sub-Advisers as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Fund is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Investment Manager, the Sub-Advisers or another authorized person. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents will govern and control.*

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## Item 4 – Advisory Business

Alphadyne Asset Management LP (the “Investment Manager”) was established in 2005. Mr. Philippe Khuong-Huu is the Founder and Chief Investment Officer of the Investment Manager and sets the strategic direction of the firm. The Investment Manager has been registered with the SEC as an investment adviser since February 3, 2010.

Alphadyne Asset Management (UK) LLP (the “UK Sub-Adviser”) was established in January 2012. The UK Sub-Adviser is wholly owned by Alphadyne (UK) Holdings Limited, which is wholly owned by the Investment Manager.

Alphadyne Asset Management Holdings Limited (the “JP Sub-Adviser”) was established in February 12, 2016 as a Cayman Islands Limited Liability Company. The JP Sub-Adviser has a branch office in Tokyo, Japan and is registered with the local Japanese regulator, the Kanto Local Finance Bureau, to provide discretionary investment management services. The JP Sub-Adviser is wholly owned by the Investment Manager.

Alphadyne Asset Management (Hong Kong) Limited (the “HK Sub-Adviser” and, together with the UK Sub-Adviser and JP Sub-Adviser, the “Sub-Advisers”) was established in January 2018 as a Hong Kong private limited company. The HK Sub-Adviser has an office in Hong Kong and is licensed by the Hong Kong Securities and Futures Commission (“SFC”) to conduct Type 9 (asset management) regulated activities in Hong Kong. The HK Sub-Adviser is wholly owned by the Investment Manager.

The Investment Manager provides investment management services on a discretionary basis to clients, which are commingled investment vehicles and separately managed accounts primarily intended for institutional investors and other sophisticated investors:

Currently, the Investment Manager provides investment management services to the following clients (each a “Fund” and collectively, the “Funds”):

- Alphadyne International Master Fund, Ltd.; Alphadyne Global Rates Master Fund, Ltd. and Alphadyne International (ERISA) Master Fund Ltd. (collectively, the “Alphadyne Funds”); and
- Co-Map Alphadyne Segregated Portfolio (formerly known as Lyxor Alphadyne SPC, for and on behalf of its segregated portfolio, Lyxor Alphadyne Segregated Portfolio) (the “Segregated Portfolio”).

The Alphadyne Funds are commingled investment vehicles established by the Investment Manager, and the Segregated Portfolio is a private fund established by a third party (individual investors in the Alphadyne Funds are hereinafter referred to as “Investors”). Please refer to the offering materials of each of the Alphadyne Funds for further details regarding each Fund’s legal structure.

Pursuant to investment management agreements with the Alphadyne Funds and trading advisory agreement with the Segregated Portfolio (collectively, the “Advisory Agreements”), the Investment Manager generally has authority to retain affiliated or unaffiliated entities to provide investment advisory services to the Funds, provided that such entities are compensated out of the Investment Manager’s compensation under the Advisory Agreements. The Investment Manager has retained its affiliate and indirect subsidiary, the UK Sub-Adviser, to provide investment management services to the Funds pursuant to a sub-advisory agreement (the “UK Sub-Advisory Agreement”). The Investment Manager, as agent for and on behalf of the relevant Funds, has also retained its affiliate and direct subsidiary, the JP Sub-Adviser, to provide investment management services to the Funds pursuant to certain agreements (the “JP Sub-Advisory Agreement”). The Investment Manager, as agent for and on behalf of the relevant Funds, has also retained its affiliate and direct subsidiary, the HK Sub-Adviser,

to provide investment management services to the Funds pursuant to certain agreements (the “HK Sub-Advisory Agreement”). Each of the Sub-Advisers are expected at all times to manage, on a discretionary basis, in excess of \$85 million in assets for the Funds.

The Investment Manager and the Sub-Advisers are together filing a single Form ADV under an umbrella registration. The Sub-Advisers are identified as relying advisers on Schedule R, of the Investment Manager’s Form ADV Part 1A.

The Funds generally employ directional (macro) and relative value investment strategies focused principally in the global interest rate and foreign exchange markets across North America, Europe and Asia.

As of January 1, 2020, the Investment Manager managed approximately US \$9.1 billion in assets on a discretionary basis, and its regulatory assets under management as of December 31, 2019 were US\$120.7 billion. Regulatory assets under management are calculated in a manner consistent with the Alphadyne Funds’ audited financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America.

The Investment Manager does not manage any assets on a non-discretionary basis.

The Investment Manager formerly owned Astignes Capital Asia Pte. Ltd. (f/k/a Alphadyne Asset Management Pte. Ltd.) (“Astignes”), located in Singapore, which served as an investment adviser to the Funds since inception. Over several years, Astignes and the Investment Manager became separate legal entities with their own sources of revenue, operations and governance (the “Spinout”). Until close of business December 31, 2019, Astignes and the Investment Manager were under the common control of Bart Broadman, a co-founding principal of the Investment Manager and owner of Astignes since January 1, 2018. A “change of control” of the Investment Manager took place on January 1, 2020, when Mr. Broadman ceased to have any managerial or economic interest in the Investment Manager. The board of managers of Alphadyne GP Holdings LLC, comprised of Mr. Khuong-Huu, Mr. Regan and Mr. Broadman, dissolved effective close of business December 31, 2019. Mr. Khuong-Huu is the sole manager of the Investment Manager and effectively has sole control over the business and affairs of the Investment Manager. Mr. Regan, in his role as Chief Executive Officer, continues to be responsible for overseeing the day-to-day operations and management of the Investment Manager. The details of the Spinout are, as one would expect, detailed and complex. Any questions regarding the spinout may be directed to the Investment Manager’s CCO, Alan Weiss, at 212-806-3700.

## **Item 5 – Fees and Compensation**

Generally, the Investment Manager receives a monthly management fee in advance (adjusted for subscriptions made during the month) calculated at the rate of 0.166% (*i.e.*, approximately 2.0% per annum) of the net assets of each client (the “Management Fee”). For certain Funds, a different rate may apply in respect of some classes of interests. As a result, please refer to each Fund’s offering materials to understand the manner in which the Management Fee is structured, by Fund. Additionally, in certain instances, the Management Fee may be negotiable and the Investment Manager may waive or reduce the Management Fee with regard to Investors that are employees or affiliates of the Investment Manager or the Sub-Advisers; relatives of such persons; and for certain large or strategic Investors. The Sub-Advisers receive annual fees as specified under their respective Sub-Advisory Agreements, as applicable, for the provision of investment management services during each fiscal year. Such fee is payable by the Investment Manager and is intended to be an arm’s length fee

(calculated on the basis of Organisation for Economic Co-operation and Development guidelines and principles).

The Investment Manager receives performance compensation that is generally equal to 20% of a client's net profits, if any, subject to a "loss carryforward" provision (the "Incentive Fee"). Please refer to each Fund's offering materials to understand the manner in which the Incentive Fee is structured, by Fund. The Incentive Fee may be negotiable and may be waived or reduced with regard to Investors that are employees or affiliates of the Investment Manager or the Sub-Advisers; relatives of such persons, and for certain large or strategic Investors.

Investors are generally permitted to redeem/withdraw capital from the Funds on a quarterly basis subject to an Investor's applicable notice requirement. Each Fund generally requires at least 60 days' advance written notice for redemptions/withdrawals and has generally included within its investment terms a 25% investor-level gate on redemptions/withdrawals, though certain Investors or classes of interests may have different liquidity terms. Certain classes of interests will require the payment of a redemption fee equal to 3% of the amount redeemed if such classes are redeemed prior to the anniversary of the date on which such classes were purchased. The redemption/withdrawal gate, the redemption fee, together with the applicable notice period for any redemption, are designed to help the Investment Manager effectively manage the redemption/withdrawal process. More specifically, such mechanisms allow the Investment Manager to have a clear view of cash outflows from each Fund, thus allowing the Investment Manager to tailor liquidation scenarios to meet redemption/withdrawal needs. The Funds, in consultation with the Investment Manager, may waive or reduce these liquidity and redemption/withdrawal terms with regard to Investors that are employees or affiliates of the Investment Manager or the Sub-Advisers; relatives of such persons; and for large or strategic Investors.

Please refer to the offering materials of each of the Funds for further details on investment terms for each of the Funds.

The Investment Manager's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be indirectly incurred by Investors by virtue of their investment in a Fund. These include Fund-related legal, compliance (including, but not limited to, regulatory filing fees and client's portion of any Investment Manager regulatory filing obligations or compliance expenses incurred directly in connection with the Fund, such as expenses related to compliance with (i) Form PF, (ii) short and long exposure and/or ownership filings with U.S. and foreign regulators (iii) Form CPO-PQR, (iv) the Markets in Financial Instruments Directive, (v) the U.S. Foreign Account Tax Compliance Act ("FATCA"), (vi) the intergovernmental agreement between the United States and the Cayman Islands to improve international tax compliance and the exchange of information, (vii) anti-money laundering laws and know-your-customer requirements, including the costs associated with the appointment of any Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer required pursuant to the anti-money laundering regulations of the Cayman Islands, (viii) the intergovernmental agreement between the United Kingdom and the Cayman Islands to improve international tax compliance and the exchange of information, (ix) the multilateral competent authority agreement between the Cayman Islands and over 100 other countries to implement the OECD (Organisation for Economic Cooperation and Development) Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard or (x) the law of any jurisdiction or any treaty providing for documentation or information similar to that required to be furnished under FATCA or an intergovernmental agreement); audit, tax, accounting (including third-party accounting services) and administrator (including middle/back office and risk services) fees and expenses; organizational expenses; third-party and out-of-pocket research, diligence and market data costs and expenses; professional fees and



expenses of consultants, legal counsel, finder and other professionals in connection with investigating, evaluating and structuring investments, including unconsummated investments; research and diligence-related fees and expenses (including fees for news and quotation equipment and connectivity costs and services, market and other research-related data services); fees for market information systems and related connectivity costs; and investment-, operations-, portfolio-, and trading-related software, including trade order management software (*i.e.*, software used to route trade orders) and related connectivity costs; expenses of purchasing, carrying and disposing of portfolio positions such as commissions, borrowing charges on securities sold short, interest expenses and other financing charges (including initial and variation margin); prime brokerage fees; custodial fees; clearing costs; exchange fees; expenses related to proxy voting research, reporting, execution and recordkeeping services; costs and expenses associated with investor communications and reporting organizational expenses; side letters with limited partners and compliance therewith; organizational and offering expenses, other than placement fees (if any) and including expenses attributable to compliance with the Alternative Investment Fund Managers Directive (“AIFMD”) and other private placement, lobbying law and distribution rules in the U.S. and other foreign jurisdictions; applicable insurance costs (including errors and omissions insurance and directors and officers insurance); brokerage fees and bank charges; Directors' fees and expenses; extraordinary expenses, if any (*e.g.*, expenses related to litigation and threatened litigation, if any, and expenses related to legal inquiries (formal and informal), including regulatory “sweeps”); appropriate reserves which may be created, accrued and charged against a Fund’s assets for expenses and contingent liabilities, if any, on or after the date any such contingent liability becomes known; the pro rata share of the expenses of the applicable master fund; and any other expenses related to the purchase, sale or transmittal of Fund assets (including travel directly related to portfolio management, risk management, research or the structuring of the Fund’s investments). The Investment Manager will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the U.S. Investment Advisers Act of 1940 (the “Advisers Act”) and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Such charges, fees and commissions are exclusive of and in addition to the Investment Manager’s fee, and the Investment Manager will not receive any portion of these charges, fees and commissions. Please refer to the offering materials of the Funds for further details regarding fees and expenses.

Item 12 further describes the factors that the Investment Manager and the Sub-Advisers each consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

As noted above, the Investment Manager receives performance-based compensation in the form of the Incentive Fee. Each of the Funds is subject to the Incentive Fee.

Performance-based fee arrangements may create an incentive for the Investment Manager to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Investment Manager, the Sub-Advisers, their employees and certain other persons associated with the Investment Manager and the Sub-Advisers may invest in, or receive compensation or other benefits tied to the performance of, certain accounts under their management, thereby obtaining a pecuniary

interest in such accounts, which may create an incentive to favor such accounts over other accounts in the allocation of investment opportunities.

The Investment Manager and the Sub-Advisers have procedures reasonably designed and implemented to ensure that all clients are treated fairly and equally over time, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These procedures generally include provisions designed to ensure that, to the extent reasonable, accounts that are managed in a similar fashion participate in investment opportunities pro rata based on an account's trading assets ("Trading Assets"), or in some other manner that the Investment Manager and the Sub-Advisers determine is fair and equitable over time, provided that the Investment Manager and the Sub-Advisers retain flexibility to independently meet each Fund's investment objectives and effectively employ their respective investment strategies. Notwithstanding the foregoing, there can be no assurance that the Investment Manager will successfully apply such procedures in every instance. Accordingly, there can be no assurance that the application of the Investment Manager's allocation policies will result in the allocation of a specific investment opportunity to an account, or that an account will participate in all investment opportunities falling within the scope of its investment objectives and strategy. In addition, each such account is evaluated independently for purposes of determining whether its target volatility is being attained, and in the absence of any contractual *pari passu* mandate the Investment Manager undertakes no responsibility to rebalance positions among accounts in order to achieve or maintain any specific investment performance ratio among accounts under its management. These areas are monitored by the CCO.

No other hourly, flat or asset-based fees are charged to the Funds.

## **Item 7 – Types of Clients**

The Investment Manager provides investment management services to its clients, the Funds, which are intended for institutional investors and other sophisticated investors. Currently the Investment Manager provides investment management services to the following Funds: Alphadyne International Master Fund, Ltd.; Alphadyne Global Rates Master Fund, Ltd.; Alphadyne International (ERISA) Master Fund Ltd.; and Co-Map Alphadyne Segregated Portfolio, which implement similar investment strategies but are not required to operate on a *pari passu* basis unless specifically noted in a Fund's constituent documents. Note that the Sub-Advisers provide investment management services to all of the Funds.

Generally, the minimum initial investment in a Fund is US \$1,000,000, but each Fund's offering memorandum specifies the minimum initial investment requirements that pertain to that Fund.

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

### **Methods of Analysis**

The Investment Manager and the Sub-Advisers use a systematic approach to identify investment ideas, which consists of the following three prongs:

- (i) *Quantitative analysis* – such as the use of econometric and option models;
- (ii) *Fundamental analysis* – such as the analysis of economic/financial market outlook and sector/company specific information; and

- (iii) *Market technical or dynamics* – such as evaluation of the supply and demand dynamics in the markets trade as well as the structural composition of the Investor base, liquidity and leverage analysis.

## **Investment Strategies**

The Investment Manager and the Sub-Advisers have maximum flexibility to invest in a broad range of asset classes and financial instruments in connection with their investment strategies.

To execute its strategies the Investment Manager and the Sub-Advisers conduct two main types of trading. The first is directional or macro trading, which generally involves taking positions that express a view on the future direction of a market parameter, such as an interest rate, a foreign exchange rate or the level of a market's volatility. The second is relative value trading, which generally involves taking positions intended to exploit (i) temporary anomalies in the relative values of similar instruments or markets and (ii) general patterns of correlation between such instruments or markets. Some trades will represent a combination of directional and relative value trading.

The Investment Manager's and the Sub-Advisers primary focus is on interest rate and foreign exchange markets, as well as related volatility markets. However, they also trade in credit, equity and commodity markets.

In the course of its trading, the Investment Manager and the Sub-Advisers mainly use plain-vanilla interest rate swaps, Treasuries and other sovereign bonds, bond and interest rate futures, foreign exchange forwards, and related exchange-traded or over-the-counter ("OTC") options. The Investment Manager and the Sub-Advisers may also use the following instruments, among others: credit default swaps, exchange-traded options on broad equity market indices (*e.g.*, the S&P 500 Index), and futures and options on indices of single commodities (such as gold and oil) or on baskets of commodities.

## **Material Risks**

The above strategies involve a significant degree of risk of loss that clients and Investors should be prepared to bear. The following is a summary of some of the material risks associated with the above strategies. Although the summary below does not fully describe all of the risks associated with such an investment, each Fund's offering memorandum contains a more complete description of the applicable risks associated with an investment in that Fund. Clients and Investors should understand that it is not possible to identify all of the risks associated with investing, and that the potential risks applicable to a Fund will depend on the nature of the Fund and its investment strategies, as well as the types of investments it holds.

While the Investment Manager and the Sub-Advisers seek to manage the Funds so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Certain mandates may be limited as to type of investment and may not be diversified. The Funds are not intended to provide a complete investment program. Clients and Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

### ***Substantial Changes in Regulation***

Legal, tax and regulatory changes could occur that may adversely affect the Funds, the Investment Manager and/or the Sub-Advisers. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by a Fund

and the ability of each Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and short selling and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on a Fund, the Investment Manager and the Sub-Advisers could be substantial and adverse.

### ***Lack of Liquidity of Fund Assets***

With respect to the portfolios of the Funds, Fund assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded investments, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult or impossible. The risk of market illiquidity is materially heightened by the use of leverage and the possibility that margin calls will need to be met in declining or disrupted market conditions. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately. As a result, a Fund may be required to hold such instruments despite adverse price movements, which may result in significant losses that are amplified by the degree of leverage employed. In particular, investments in funds of third-party managers and other Funds are generally non-transferable and may be subject to significant restrictions on liquidity, including lock-up periods, gates, redemption/withdrawal charges and rights of suspension. Such restrictions are likely to be greater than the liquidity limitations that a Fund would have if the strategies of the third-party manager or other Fund were implemented directly by such Fund.

In addition, if a Fund makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. Under stressed market conditions, even higher-rated securities may become illiquid, and the yields and prices of such securities may become as volatile as certain much lower-rated securities.

### ***Leverage***

In addition, each Fund makes use of various forms of leverage which increases the effect of any investment value changes or liquidity events on the net assets of such Fund. The amount of leverage that a Fund may utilize is specific to the agreements set forth with various counterparties. There is no guarantee that a Fund's borrowing arrangements or other arrangements for obtaining leverage will continue to be available, or if available, will be available on terms and conditions acceptable to such Fund. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or certain lenders (including derivative counterparties), or result in a decision by lenders not to extend credit to a Fund. In addition, a decline in market value of a Fund's assets may have particular adverse consequences in instances where such Fund has borrowed money based upon the market value of those assets. A decrease in market value of those assets may require such Fund to post additional collateral or otherwise sell assets at a time when it may not be in the best interest of such Fund to do so. Accordingly, if any of these events occur, it could have a material adverse effect on such Fund.

### ***Counterparty Risk***

A Fund may be exposed to counterparty risk with regard to the brokers and/or prime brokers with whom it trades with on a bilateral and/or give-up basis and may also bear the risk of settlement default. In particular, in transactions entered into bilaterally between a broker and a Fund or given-up to a

prime broker, such Fund does not benefit from those protections afforded to such Fund in exchange-traded transactions, which generally are backed by clearing organization guarantees and other protections and thus exposes such Fund to the risk of broker default. Although the Investment Manager monitors each of the Funds' brokers and prime brokers (the "Brokers") and believes that the appropriate Brokers have been selected, there is no guarantee that any of the Brokers will not become insolvent or default. As a result, on the back of any counterparty insolvency or default, the Funds may be exposed to significant credit implications. In addition to broad counterparty risks discussed above, the Funds may be exposed to different levels of risks in dealing with U.S. and non-U.S. custodians or prime brokers who settle and clear trades. Each Fund maintains a custody account with its prime brokers and primary custodians (each, a "Prime Broker"). In particular, assets held in custody by a U.S. or non-U.S. Prime Broker may be borrowed, lent or otherwise used by the U.S. or non U.S. Prime Broker for its own purposes pursuant to its contractual right of re-hypothecation, whereupon such assets will become the property of the U.S. or non-U.S. Prime Broker and the applicable Fund will have a legal claim against the U.S. or non-U.S. Prime Broker for the return of equivalent assets. In the U.S., the Securities Investor Protection Act of 1970, the Bankruptcy Code and Rule 15c-3 of the Securities Exchange Act of 1934 seek to protect customer property at a high level in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, however even so, there is no certainty that, in the event of a failure of a U.S. Prime Broker that has custody of Fund assets, a Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. In addition, a Fund and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of such Fund. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, in the event of the sub-custodian's or non-U.S. Prime Broker's bankruptcy or insolvency, the ability of a Fund to recover assets held by such sub-custodian or non-U.S. Prime Broker, which may or may not be held pursuant to a right of re-hypothecation, could be in doubt, as such Fund may be subject to less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be delays associated with enforcing a Fund's rights to its assets in the case of a bankruptcy or insolvency of any such party.

### ***Non-U.S. Securities***

Investing in emerging markets and the securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities, involves certain considerations regarding both risk and opportunity not typically associated with investing in other more established economies or securities markets or in the securities of U.S. companies. 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 is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### ***Swap Transactions***

The Funds may each periodically enter into transactions in the forward or other markets that could be characterized as swap transactions and which may involve interest rates, fixed-income and other securities, currencies and other reference assets. A swap transaction may be structured as an individually-negotiated, non-standardized agreement between two parties to exchange cash flows based on different interest rates, exchange rates, or prices, with payments calculated by reference to a principal ("notional") amount or quantity. In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") certain standardized classes of swaps are subject to

requirements to be executed on regulated trading facilities and subsequently submitted for centralized clearing. Transactions in these markets present certain risks similar to those in the futures, forward, and options markets, including: (i) the Dodd-Frank Act includes provisions that comprehensively regulate swap transactions for the first time, and many non-U.S. governmental authorities have adopted or are in the process of contemplating similar regulatory requirements for the swaps markets within their jurisdictions; (ii) there generally are no limitations on daily price moves in individually-negotiated swap transactions; (iii) speculative position limits are not currently applicable to swap transactions, although the counterparties with which a Fund may deal may limit the size or duration of positions available as a consequence of credit considerations. In addition, to the extent any such swap transactions are required to be cleared by a regulated clearinghouse pursuant to the Dodd-Frank Act, they may become subject to position limits imposed by the relevant clearinghouse or by the U.S. Commodity Futures Trading Commission (the “CFTC”) or the SEC; (iv) participants in the swaps markets are not required to make continuous markets in swaps contracts; (v) the markets for individually-negotiated, non-standardized swaps are largely “principals’ markets,” in which performance with respect to a swap contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearinghouse. As a result, each Fund is subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which such Fund trades; and (vi) credit default swaps with the “pay as you go” feature may require reimbursement of credit protection payments made by the seller to be made by the buyer for up to a year after the swap terminates, and the seller may also have to make multiple credit protection payments to the extent the reference obligation is not fully performing. While the Dodd-Frank Act is intended in part to reduce certain of the risks described above, that may be characteristic of individually-negotiated swaps, there can be no guarantee that the Dodd-Frank Act will be successful in this respect, and any such success may not be evident for some time after the Dodd-Frank Act is fully implemented.

#### ***Over-the-Counter Transactions***

As a result of the Dodd-Frank Act, the CFTC requires specified derivative transactions that were previously executed on a bilateral basis in the over the counter markets to be executed through a regulated securities, futures or swap exchange or execution facility. For example, certain interest rate swaps and credit default index swaps are generally required by the CFTC to be submitted for clearing. It is not yet clear when the parallel SEC requirements will go into effect.

Among other things, in the U.S. trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. Derivatives dealers may require a Fund to give them the right unilaterally to increase collateral requirements for cleared OTC trades beyond regulatory and clearinghouse minima. For example, regulators are adopting and implementing rules imposing certain margin requirements, including minimums for uncleared swaps. For example, regulators are adopting and implementing rules imposing certain margin requirements, including minimums for uncleared swaps. These factors may increase the amount of collateral a Fund is required to provide and the costs associated with providing it.

In addition, margin rules adopted by the U.S. banking regulators and the CFTC are in effect and may subject the Funds to regulatory margin requirements for uncleared derivatives transactions with CFTC-registered swap dealers. These rules, along with other regulatory requirements, may increase the costs to the Funds for their CFTC-regulated derivatives trades (including through requirements to post collateral which could adversely affect the Funds’ available liquidity), materially alter the terms of derivative contracts, reduce the availability or desire of derivatives, reduce the ability to monetize or restructure existing derivative contracts and increase the Funds’ exposure to less creditworthy

counterparties. Any reduction in a Fund's use of derivatives as a result of the Dodd-Frank Act and regulations could adversely affect such Fund.

In an effort to facilitate derivatives strategies, a Fund and/or the Investment Manager might become members of exchanges and/or swap execution facilities ("SEFs"). Doing so would subject a Fund and/or the Investment Manager to a wide range of regulation and other obligations and associated costs. Like other self-regulatory organization, SEFs are expected to regularly revise and interpret their rules and those revisions and interpretations could adversely affect a Fund. If a Fund opts not to trade on a SEF directly but instead through a broker, such trading may nevertheless require a Fund to consent to the SEF's jurisdiction as a self-regulatory organization and to be subject to the SEF's rules, which could adversely impact a Fund.

In Europe, EMIR imposes requirements in respect of derivative contracts that may affect any Fund derivatives activities in Europe, including a general obligation to clear certain types of OTC derivative contracts through a duly authorized central counterparty. The EU regulatory framework for derivatives is also affected by MiFID II.

The implementation of these regulations is ongoing as of the date of this Brochure. Dealers and certain other market participants, in addition to the clearing and margin requirements discussed above, are subject to registration obligations and other regulatory requirements, such as business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest and other regulatory burdens. These requirements increase the overall costs for OTC derivative dealers and other market participants, which may be passed along, at least partially, to end users of the products, such as the Funds, in the form of higher fees or less advantageous dealer marks.

### ***Commodity and Futures Contracts***

A Fund may invest a substantial portion of its assets in commodity futures contracts and options thereon. While the trading in commodity and futures contracts and options thereon are highly specialized activities which may increase the total return in a Fund's investments they may entail greater than ordinary investment risks.

Commodity futures markets 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 deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, we could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

A Fund's futures activities may involve futures and options traded in U.S. and non-U.S. markets. The risks of trading futures in non-U.S. markets may be greater than trading in futures on U.S. exchanges. For example, non-U.S. futures are cleared on and subject to the rules of a non-U.S. board of trade, and fewer or different protections may apply to participants in non-U.S. markets than may apply under the

rules and regulations of the CFTC and the U.S. National Futures Association (the “NFA”). In addition, funds provided as margin for non-U.S. futures and options may not be provided the same protections as funds received in respect of U.S. transactions.

### ***Portfolio Turnover***

The investment strategy of a Fund may require us to actively trade that Fund’s portfolio, and as a result, turnover and brokerage commissions and other transaction expenses of such Fund may significantly exceed those of other investment entities of comparable size.

### ***Importance of Valuation Models***

Our strategies may be based, in part, on valuation models which its key personnel have developed over time. Numerous firms commit substantial resources to update and maintain existing models as well as the ongoing development of new models and algorithms. As market dynamics shift over time, a previously highly successful model may become outdated – perhaps without our recognizing that fact before substantial losses are incurred. There can be no assurance that we will be successful in maintaining effective valuation models.

### ***Cybersecurity Risk***

With the increased use of technologies such as the Internet to conduct business, the Funds are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.*, through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.*, efforts to make network services unavailable to intended users). Other cyber incidents may be caused by usage errors, power, communications or other service outages and catastrophic events such as fires, tornados, floods, hurricanes and earthquakes. Cyber incidents affecting the Investment Manager’s and other service providers (including, but not limited to, Fund accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with a Fund’s ability to value its securities or other investments, impediments to trading, the inability of Fund investors to transact business, violations of applicable privacy and other laws, theft, publication or deletion of confidential, private, and/or personally identifying information, including information relating to Fund investors, or their beneficial owners, and/or our intellectual property or trade secrets, regulatory fines, legal claims, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a Fund invests, counterparties with which such Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund investors) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While our and the Funds’ service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing issues from being addressed appropriately. Furthermore, the Funds cannot control the cyber security plans and systems put in place by their service providers or any other third parties whose operations



may affect the Funds or their investors. The Funds and their investors could be negatively impacted as a result.

### **Risk of Natural Disasters and Epidemics**

The Investment Manager and its Sub-Advisers will operate, and the Funds will invest in, countries that are susceptible to natural disasters and epidemics such as Severe Acute Respiratory Syndrome, Avian flu and Coronavirus (COVID-19). Natural disasters and epidemics, depending on the scale of their occurrence, have caused and may in the future cause different degrees of damage to economies and business activity in countries throughout the world, including in countries in which the Funds invest and/or the Investment Manager and its Sub-Advisers operate. As a result, a natural disaster or epidemic may adversely affect (i) the ability of the Investment Manager and its Sub-Advisers to provide investment management services and (ii) the Fund's financial condition, results or operation and severely impact the value of its investments. For example, the recent outbreak of COVID-19 has contributed to, and may continue to contribute to, volatility and disruptions in financial markets, changes in interest rates, liquidity and liquidation values of investments, and general levels of economic activity, and may reduce the availability of financing to the Funds, which could have a material adverse impact on the Funds' returns and operations. The Funds may hold certain illiquid investments, or investments that become illiquid as a result of systemic risks, including market disruptions, and such investments may limit the Funds' ability to adapt to any such changes in the market environment or mitigate any corresponding losses. Because the impact of a public health crisis such as COVID-19 or similar pandemic or outbreak is difficult to predict, such an event presents material uncertainty and risk with respect to the Funds' performance, which could materially exacerbate the risks that the Funds are already exposed to or introduce new ones. Investors and prospective Investors are strongly encouraged to read all of the risk factors identified in each Fund's respective offering memorandum, including but not limited to, those with respect to market disruptions, liquidity, counterparty exposure, the use of short sales, significant leverage, concentrated positions and operational risks, to ensure that they understand all of the risks associated with an investment in the Funds.

### **Consequences of Force Majeure Events**

The Funds' investments may be affected by force majeure events (*e.g.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, and outbreaks of an infectious disease such as COVID-19). Some force majeure events may adversely affect the ability of a party, including a counterparty to a portfolio investment, to perform its obligations until it is able to remedy the force majeure event. Furthermore, force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on an investment. Certain force majeure events (such as war or an outbreak of an infectious disease such as COVID-19) could also have a broader negative impact on the world economy and international business activity generally, or in a country in which the Funds have invested specifically. Any of the foregoing may therefore adversely affect the performance of the Funds and its investments and/or increase the risks inherent in the Funds' investments.

## **Item 9 – Disciplinary Information**

Form ADV Part 2 requires investment advisers to disclose legal or disciplinary events involving the Investment Manager or its partners, officers, or principals that are material to your evaluation of the its advisory business or the integrity of its management.

On July 18, 2017, a Panel of the Chicago Board of Trade (“CBOT”) Business Conduct Committee accepted an offer of settlement from Alphadyne Asset Management LP (“Alphadyne”) in connection with CBOT Rule 538.C. Exchange for Related Positions. The CBOT Notice states that on November 3, 2015, and March 1, 2016, Alphadyne executed certain exchange for related position (“EFRP”) transactions in U.S. Treasury futures contracts that were contingent upon the execution of other EFRP transactions. The CBOT Notice also states that Alphadyne placed the orders for the EFRPs with its brokers in part for the purpose of rebalancing positions held by various Alphadyne funds, and that Alphadyne structured these orders such that they were executed without the incurrence of material market risk. Alphadyne was directed to pay a fine of \$65,000 while neither admitting nor denying the rule violation.

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

In addition to serving as the investment manager, the Investment Manager is a commodity pool operator (“CPO”) for each of the Alphadyne Funds. The Investment Manager is a registered CPO with the CFTC and a member of the NFA in such capacity. Certain related persons of the Investment Manager are registered with the NFA as associated persons and/or principals of the Investment Manager.

The UK Sub-Adviser, an affiliate of the Investment Manager, is authorized and regulated by the Financial Conduct Authority in the United Kingdom and performs investment management services for the benefit of the Funds. The JP Sub-Adviser, an affiliate of the Investment Manager, is authorized and regulated by the Financial Services Agency in Japan pursuant to the Financial Instruments and Exchange Act and registered AAMHL's financial instruments business with the Kanto Local Finance Bureau and performs investment management services for the benefit of the Funds. The HK Sub-Adviser, an affiliate of the Investment Manager, is licensed by the Hong Kong Securities and Futures Commission (“SFC”) to conduct Type 9 (asset management) regulated activities, regulated by the SFC with regards to such business in Hong Kong, and performs investment management services for the benefit of the Funds.

The Investment Manager is also affiliated with Alphadyne Capital LLC (the “General Partner”), which acts as the general partner of certain U.S. limited partnerships associated with the Funds, and Alphadyne GP Holdings LLC, which acts as the general partner of the Investment Manager.

Each of the Investment Manager, the Sub-Advisers and the General Partner (the “Affiliated Parties”) may conduct other business, including any business within the securities industry, whether or not such business is in competition with the Funds. The Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. The results of the Funds’ activities may differ significantly from the results achieved by the Affiliated Parties for other accounts or clients which they manage or for which they provide investment advisory or investment management services.

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

*Code of Ethics and Code of Conduct.* The Investment Manager and the Sub-Advisers have adopted a Code of Ethics for all deemed access persons of the firm describing its high standard of business conduct, and fiduciary duty to their clients. The Investment Manager and the Sub-Advisers recognize and believe that (i) high ethical standards are essential for their success and to maintain the confidence of their clients; (ii) their long-term business interests are best served by adherence to the principle that the interests of clients comes first; and (iii) they have a fiduciary duty to their clients to act solely for their benefit. All personnel of the Investment Manager and the Sub-Advisers must put the interests of the Investment Manager's and the Sub-Advisers' clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of the Investment Manager and the Sub-Advisers must also comply with all federal securities laws.

The Code of Ethics includes provisions relating to disclosure and/or approval of outside business activities, acceptance and reporting of certain gifts and business entertainment, reporting of violations, personal securities accounts and personal securities trading procedures, among other things. All access persons of the Investment Manager and the Sub-Advisers must acknowledge the terms of the Code of Ethics no less than annually.

The Investment Manager and the Sub-Advisers, in appropriate circumstances, consistent with clients' investment objectives, could cause accounts over which the Investment Manager has management authority to effect, and may recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the Investment Manager the Sub-Advisers their affiliates and/or clients, directly or indirectly, have a position of interest. The Investment Manager's and the Sub-Advisers' employees and certain other persons associated with the Investment Manager the Sub-Advisers are required to follow the Investment Manager's and the Sub-Advisers' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Investment Manager and the Sub-Advisers and their affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Investment Manager's and Sub-Advisers' clients. The Code of Ethics is reasonably designed to assure that the personal securities transactions, activities and interests of the employees of the Investment Manager and the Sub-Advisers will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt from certain of the personal account dealing requirements, based upon a determination that these would materially not interfere with the best interest of the Investment Manager's and Sub-Advisers' clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between the Investment Manager, the Sub-Advisers and their clients.

A copy of the Code of Ethics will be made available to existing or prospective clients or Investors upon request to the Investment Manager or the Sub-Advisers.

*Trade Allocation and Use of Correlation Adjustment Factor.* The Investment Manager the Sub-Advisers and their affiliates provide investment management and advisory services to more than one Fund,

which may create conflicts of interest. A Fund may have investment objectives or implement investment strategies similar to or different from those of other Funds. The Investment Manager and the Sub-Advisers will use their best efforts to ensure that no Fund is treated unfairly in relation to any other Fund in the allocation of securities or investment opportunities or in the order in which transactions are executed over time. To the extent a particular investment is suitable and/or viable for more than one Fund, such investments will generally be allocated among the Funds pro rata based on an account's Trading Assets or in some other manner that the Investment Manager and the Sub-Advisers determine is fair and equitable over time, provided that the Investment Manager and Sub-Advisers retain flexibility to independently meet each Fund's investment objectives and effectively employ their respective investment strategies. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Funds in an equitable manner as determined by the Investment Manager and the Sub-Advisers.

The Investment Manager and the Sub-Advisers, in pursuing the investment objectives of more than one Fund, may execute transactions on an aggregated, or "block," basis for all accounts participating in a strategy and allocate such transactions in accordance with the Investment Manager's allocation policies and procedures. Although they may pursue similar strategies, the accounts managed by the Investment Manager and the Sub-Advisers may have different targeted volatilities. In order to assist the Funds in achieving their targeted volatilities, the Investment Manager and the Sub-Advisers establish a correlation adjustment factor that is applied consistently across all accounts under their management implementing the same or substantially similar strategies. The correlation adjustment factor, when multiplied by an account's assets under management and an account-specific leverage factor, results in an amount of Trading Assets that is used for purposes of allocating a block trade across accounts participating in the same investment strategy. Specifically, to the extent a particular investment is suitable and/or viable for more than one Fund, the Investment Manager's default methodology will be to allocate such investment between or among such clients pro rata based on their relative Trading Assets. As a general matter, the Investment Manager will determine the correlation adjustment factor and resulting allocation ratios on a monthly basis, although the Investment Manager has discretion under the allocation policies and procedures to modify the correlation adjustment factor and allocation ratios at any time, so long as the resulting allocations are fair and equitable to all accounts participating in a strategy.

The Investment Manager's allocation policies and procedures provide for a non-exhaustive list of exceptions to the default methodology described above. A significant exception relates to the distinction between new investment strategies being implemented by the Investment Manager (which are allocated pursuant to the default methodology) and the closing, rebalancing or hedging of, or adding to, existing investment positions held by the Funds. For example, under the exceptions to the default methodology, if the Investment Manager decides to close out an existing investment position that (i) is held by multiple accounts managed by the Investment Manager, (ii) originated in a prior month, and (iii) was allocated according to that prior month's allocation ratios, the Investment Manager generally would close out the position using the allocation ratios in effect when the position was initially established. Similarly, if the Investment Manager decides to add to an existing investment position that was established in a prior month based on that month's allocation ratios, the Investment Manager generally would allocate a transaction using the allocation ratios that were in effect when the position was initially established. The Investment Manager also maintains the discretion, pursuant to its allocation policies and procedures, to adjust allocations among accounts it manages in order to, among other things, divest assets for either immediate or future redemptions, invest additional assets due to subscriptions or changes in the direction of investment strategy-level allocations made by the

CIO, increase risk exposure for a new client or wind down risk exposure for a client that is closing, liquidating and/or otherwise terminating its relationship with the Investment Manager.

*Cross Transactions.* As part of their management of the assets of a Fund the Investment Manager and the Sub-Advisers may, to the extent permitted and subject to market conditions, effect market transactions, at arm's length, between a Fund and other Funds ("Cross Trades") in efforts, for example, to "rebalance" the portfolios to ensure that each Fund has the desired pro rata ownership of a particular investment position. Moreover, cross trades could be executed to reflect intended allocations among the Funds. Such cross trades may be executed without the involvement of a Broker, so long as the Investment Manager determines that the terms are market or the equivalent of arm's length.

## **Item 12 – Brokerage Practices**

Except for the general investment guidelines set forth in each Fund's respective offering memorandum and Advisory Agreement, there are no limitations on the authority of the Investment Manager and the Sub-Advisers with respect to the matters discussed in Item 12. The Investment Manager and the Sub-Advisers are authorized to determine the broker or dealer to be used for each securities transaction. When executing orders, the Investment Manager and the Sub-Advisers will take into account both quantitative and qualitative factors. Above all, the Investment Manager and the Sub-Advisers consider the ability of a trade to be given up to a prime broker as meeting the duty to seek best execution, on the basis that prime brokered trades provide operational, portfolio management and cost benefits to each Fund managed by the Investment Manager and the Sub-Advisers. Other factors considered when selecting brokers include, but are not limited to: (i) market position, market liquidity and order size, (ii) quality and speed of execution, (iii) existing position of an applicable Fund, (iv) counterparty responsiveness, venue and quality of settlement, (v) value of research provided and execution capability, (vi) commission rates and applicable fees, (vii) financial responsibility and responsiveness, (viii) competitiveness of commission rates, spreads, mark-ups and mark-downs, (ix) willingness and ability of the broker or dealer to commit capital to a particular transaction, (x) sophistication of the trading capabilities and infrastructure/facilities of the broker or dealer, (xi) market knowledge of the broker or dealer and (xii) the quality and flexibility of customizing reports.

In selecting brokers or dealers to execute transactions, the Investment Manager and the Sub-Advisers need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the practice of the Investment Manager or the Sub-Advisers to negotiate "execution only" commission rates; thus, a Fund may be deemed to be paying for research and brokerage services provided by the broker with "soft" or "client commission" dollars which are included in the commission rate. The Investment Manager and the Sub-Advisers generally do not have any formalized "soft dollar" arrangements to use client commissions to obtain research and brokerage services. To the extent the Investment Manager and the Sub-Advisers receive research or other products or services other than execution from broker-dealers in connection with Fund securities transaction, any such services will be limited to research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended. Accordingly, research and brokerage services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, certain financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services, utilized in the investment management process; and services related to the execution, clearing and settlement of securities transactions and functions incidental thereto. Research services obtained by the use of commissions arising from a particular Fund's portfolio transactions may be used

by the Investment Manager and the Sub-Advisers in their other investment activities. In such scenarios where Fund brokerage commissions are used to obtain research or other products or services, the Investment Manager and the Sub-Advisers would receive a benefit because the Investment Manager and the Sub-Advisers do not have to produce or pay for the research, products or services. As such, the Investment Manager and the Sub-Advisers may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on Funds' interest in receiving most favorable execution.

The Investment Manager and the Sub-Advisers may place transactions with a broker-dealer that (i) provides the Investment Manager, the Sub-Advisers or an affiliate with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers Investors to a Fund, if otherwise consistent with seeking best execution, provided the Investment Manager and/or the Sub-Advisers are not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of Investors. With that said, the Investment Manager and the Sub-Advisers may have an incentive to select a broker-dealer based on its interest in receiving Investor referrals rather than on a Fund's interest in receiving most favorable execution.

When appropriate, the Investment Manager and the Sub-Advisers 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 share commission costs equally and will generally be allocated securities based on the average price achieved for such trades. Partially filled orders will be allocated on an equitable basis.

Lastly, when a trade error is made on behalf of a client account, the Investment Manager and the Sub-Advisers will use its best efforts to break or otherwise correct the trade. However, if errors do occur, as a result of human or systematic errors which may or may not be related to, without limitation, trading errors, allocation errors and/or financial recordkeeping, and not as a result of gross negligence, willful misconduct or violation of the applicable laws, the profit or loss related to such error will generally be allocated to the Funds.

### **Item 13 – Review of Accounts**

Mr. Philippe Khuong-Huu, founder and Chief Investment Officer of the Investment Manager, is generally aware of the holdings in each Fund's account on a regular basis. Holdings are monitored by Mr. Khuong-Huu in light of liquidity, counterparty exposure, trading activity, economic data, etc. In addition, Fund accounts are reviewed periodically from the standpoint of the specific investment objectives of the client and as a particular situation may dictate.

Each Investor will receive audited annual reports and, at a minimum, unaudited monthly reports of the performance of the Fund, from the Fund's administrator and the Investment Manager, specific to the Fund in which such Investor has invested. The above reports are delivered electronically, in written form.

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

The Investment Manager and the Sub-Advisers may compensate, either directly or indirectly, persons for client referrals or referrals of Investors in the Funds.

From time to time, the Investment Manager and the Sub-Advisers may enter into written agreements with third parties who solicit potential Investors on our behalf. Such agreements will comply with Rule 206(4)-3 under the Advisers Act and, in entering into such agreements, we will comply with that rule and with other applicable requirements of the Advisers Act and applicable state securities law requirements. Generally, those agreements will provide for a percentage of certain of the investment management fees we collect from clients who become clients as a result of the solicitor's efforts. Generally, clients are not responsible for any part of the compensation that solicitors receive, and we do not charge clients introduced by such solicitors any higher fee or any additional amount as a result of obligations to pay such solicitors for their solicitation services.

The Investment Manager currently has marketing arrangements with three third-party marketers that may receive compensation from the Investment Manager for Investor referrals.

### **Item 15 – Custody**

The Investment Manager will comply with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to custody of assets of the Funds. Annually, upon completion of each Alphadyne Fund's annual audit, the Investment Manager will ensure that the audited financials are distributed to Investors in the Alphadyne Funds. The CCO will ensure that the Alphadyne Funds' audited financials are delivered to Investors within 90 days of the fiscal year end. Investors should contact the Investment Manager if financials are not delivered promptly or if they have any questions about the contents.

This item is not applicable to the Sub-Advisers.

### **Item 16 – Investment Discretion**

The Investment Manager receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the investment policies, limitations and restrictions of the particular client accounts. All investment guidelines and restrictions must be provided by the client in writing.

Discretionary authority is granted to the Investment Manager pursuant to the terms of the investment management or trading advisory agreement that each client enters into.

The Investment Manager retained the Sub-Advisers to provide investment management services to certain Funds pursuant to a Sub-Advisory Agreement.

### **Item 17 – Voting Client Securities**

Due to the nature of the Investment Manager's and the Sub-Advisers' investment management and advisory services with respect to each Fund, and more specifically because the Investment Manager and the Sub-Advisers largely use volatility investment strategies for trading rather than a long-term investment approach, their strategy, relative to securities, is generally not dependent upon the outcome of proxy contests. Because of the high turn-over of securities in each Fund's portfolio, in most cases none of the Fund, the Investment Manager or the Sub-Advisers will receive proxies.



If, however, a Fund, Investment Manager or the Sub-Advisers receive a proxy request with respect to a security that the Investment Manager or the Sub-Advisers determine potentially could provide material profit or loss benefits to such Fund from voting, the Investment Manager or the Sub-Advisers will seek to vote the proxy in the best interest of such Fund. The Investment Manager or the Sub-Advisers will not solicit direction from clients on how such votes will be cast.

The Investment Manager or the Sub-Advisers follows procedures designed to identify conflicts or potential conflicts that could arise between its own interests and those of its clients. If it is determined that any such conflict or potential conflict is not material, the Investment Manager or the Sub-Advisers may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, the Investment Manager or the Sub-Advisers will generally abstain from voting such proxies.

Clients may obtain a copy of the Investment Manager's or the Sub-Advisers' proxy voting policies and procedures upon request. Information about how the Investment Manager or the Sub-Advisers voted on any proxies on behalf of client accounts will also be made available to clients upon request to the Investment Manager or the Sub-Advisers.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the investment adviser's financial condition. At present, the financial condition of each of the Investment Manager and the Sub-Advisers neither impairs their respective ability to meet contractual and fiduciary commitments to clients nor has not been the subject of a bankruptcy proceeding.