



**PLEIAD**  
INVESTMENT ADVISORS

# Form ADV Part 2A Brochure

December 31, 2019

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PLEIAD INVESTMENT ADVISORS LIMITED

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[www.pleiadadvisors.com](http://www.pleiadadvisors.com)

This Brochure provides information about the qualifications and business practices of Pleiad Investment Advisors Limited ("Pleiad" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us by telephone at +852 3589 6470 or by email at [ir@pleiadadvisors.com](mailto:ir@pleiadadvisors.com). The Firm's website is [www.pleiadadvisors.com](http://www.pleiadadvisors.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Registration of an investment adviser does not imply that the Firm or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Pleiad 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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This Brochure is dated December 31, 2019, 2019 and is an annual amendment. There are no material changes since the prior brochure dated October 23, 2019.

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## Item 4: Advisory Business

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### The Firm

Pleiad Investment Advisors Limited ("Pleiad" or the "Firm"), a limited company incorporated in Hong Kong on March 24, 2014, is registered with the Securities and Exchange Commission ("SEC") as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Firm has its principal office and place of business in Hong Kong. Under the Hong Kong regulatory regime, companies that conduct regulated activities in Hong Kong must be licensed by the Securities and Futures Commission ("SFC"). The Firm is licensed by the SFC with a Type 9 (Asset Management) License for the regulated activity of asset management pursuant to the Hong Kong Securities and Futures Ordinance and its subsidiary legislation (the "SFO").

The Firm has its principal office and place of business outside the United States. This Brochure is provided to the Firm's U.S. investors in connection with their investment in the pooled investment vehicles managed by the Firm.

### Principal Owners

The Firm was founded by Kenneth Lee and Michael Yoshino (the "Founders"), who together own the Firm, equally and jointly, through Pleiad Investment Management Limited, an exempted company incorporated in the Cayman Islands on May 24, 2014.

### Types of Services Offered

The Firm offers asset management services only to "Professional Investors" within the meaning of the SFO. Under the SFO, regulated activity of asset management means providing a service of managing a portfolio of securities or futures contracts for clients on discretionary basis. This category of regulated activity will cover discretionary investment managers, whether managing a fund or an advisory account.

In the United States, the Firm's advisory services are currently offered only through investment in pooled investment vehicles discussed below. All the pooled investment vehicles managed by the Firm are unregistered private investment funds, and are only available to persons who are both "Accredited Investors" within the meaning of Rule 501 of Regulation D under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and "Qualified Purchasers" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act").

Below is a brief description of the investment strategies offered by the Firm.

- Asia Equities Long Short Strategy: A research intensive, fundamentally driven long-short equity investment strategy focused on bottom-up stock picking with a geographic focus on Asia. Through a bottom up security selection process, this strategy seeks to long or short securities of companies where the market price is deemed to represent a compelling

risk-reward opportunity relative to the Firm's assessment of the underlying fundamentals. This strategy is offered through private pooled vehicles managed by the Firm, namely Pleiad Asia Master Fund and its feeder funds.

- Asia Equities Long-Only Strategy: A research intensive, fundamentally driven long-only equity investment strategy focused on bottom-up stock picking with a geographic focus on Asia. Through a bottom up security selection process, this strategy seeks to long securities of companies where the market price is deemed to represent a compelling risk-reward opportunity relative to the Firm's assessment of the underlying fundamentals. This strategy is offered through private pooled vehicles managed by the Firm, namely Pleiad Asia Equity Master Fund and its feeder funds.

The pooled investment vehicles mentioned above are collectively referred to as the "Funds" and individually as a "Fund" throughout this Brochure. This Brochure and the description set forth herein regarding the Funds are not intended to be complete. The definitive terms and full disclosures with respect to the Funds are set forth in the offering memorandum and any supplements thereto (collectively, the "offering documents") pertaining to the relevant Funds. Please carefully review the offering documents for a complete description of all information regarding the Fund prior to making an investment decision.

The investment objectives, investment strategies, and any investment restrictions are described in the offering documents for each of the relevant Funds. The Firm provides investment advisory services to the Funds, as pooled investment vehicles, based on the specific investment objectives, investment strategies, and any investment restrictions of the Funds themselves and not tailored to the individual investors in the Funds.

The Firm currently does not offer its advisory services other than through the Funds, and its advisory services are currently not available to other clients whether on a discretionary basis or on a non-discretionary basis.

## Assets Under Management

As of December 31, 2019, the Firm had assets under management in the amounts set forth below:

- |   |                    |
|---|--------------------|
| • Assets Managed on a Discretionary Basis     | US\$ 2,778,452,375 |
| • Assets Managed on a Non-Discretionary Basis | US\$0              |
| • Total Regulatory Assets Under Management    | US\$ 2,778,452,375 |

## Item 5: Fees and Compensation

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### Advisory Fees and Compensation

With respect to the Funds managed by the Firm, the applicable fees, allocations, and expenses are set forth in the relevant offering documents. Prospective investors should refer to the offering documents of the relevant Fund for further information with respect to fees.

Generally, the Funds utilize an investment advisory fee based on a percentage of the market value of the assets managed by the Firm. Such fee is referred to as an asset-based fee. The Firm may also charge performance-based compensation together with, or in lieu of, an asset-based fee. Typically, performance based compensation is calculated on the appreciation of the fund's net assets or performance relative to a specified benchmark.

Fees and allocations charged to Investors may differ across the Funds and may vary within Funds depending on the class of shares or other interests purchased. The nature of the asset-based fee and the performance based compensation varies depending on such factors as the amount of investment, lock-up period placed on the investment, or the size and duration of the Investor's overall relationship with the Firm.

Certain Funds are also subject to early redemption penalties in connection with "soft locks" described in the relevant offering documents.

For an additional discussion of performance-based compensation, please refer to [Performance-Based Fees](#) under [Item 6: Performance-Based Fees and Side-By-Side Management](#).

### Payment of Fees

A description of the calculation and payment of fees payable to the Firm is set forth in the applicable offering documents for the relevant Fund. The Firm will typically be paid in arrears after services have been rendered, out of the assets of the relevant Fund, at the end of each calendar month for asset-based fees, and at the end of each calendar year for performance-based compensation. Prospective investors should refer to such documents for further information with respect to fees.

### Additional Fees and Expenses

In addition to asset-based fees and performance-based compensation paid to the Firm, other fees and expenses such as brokerage commission and other transaction charges, taxes, director's fees, prime brokerage and custody fees, fund administrator's fees, legal, accounting, professional, and other incidental fees and expenses are payable by the Fund. The fees and expenses payable by each Fund managed by the Firm are described in the relevant Fund's offering documents. Prospective investors should refer to the offering documents of the relevant Fund for further information with respect to additional fees and expenses. See [Item 12: Brokerage Practices](#) for additional information regarding the Firm's brokerage practices.

## Expense Allocation

Expenses will be incurred by multiple Funds managed by the Firm, and the Firm allocates aggregated costs among the applicable Funds (and, in certain cases, among the Firm and applicable Funds) in accordance with allocation policies and procedures, which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Funds. However, expense allocation decisions can involve potential conflicts of interest (e.g., an incentive to favor Funds that pay higher incentive fees or conflicts relating to different expense arrangements with other Funds). Under its current expense allocation policies, the Firm generally allocates the expense among the Funds on a pro rata basis based on assets under management. However, the Firm will in certain cases bear the allocable share, or a portion thereof, of expenses for particular Funds and not for others, as agreed with such Funds or as determined in its sole discretion, which will lead to a lower expense ratio for certain Funds. The Firm may also allocate a portion of any expense to itself where a product or service is shared between the Firm on the one hand and Funds on the other. In these and other circumstances, the Firm may deviate from pro rata allocation if it deems another method more appropriate based on the relative use of, or benefit from, a product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Firm allocates to a Fund for a particular product or service may not reflect the relative benefit derived by the relevant Fund in each instance.



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

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### Performance-Based Fees

As stated in the [Item 5: Fees and Compensation](#), the Funds pay various types of fees to the Firm for its investment advisory services. The Funds typically charge asset-based fees, while certain Funds charge performance-based compensation together with, or in lieu of, asset-based fees. Generally, performance-based fees are calculated on the appreciation of a Fund's assets or performance relative to a specified benchmark.

Prospective investors considering to invest in the Funds managed by the Firm should refer to the offering documents of the relevant Fund for further information with respect to how performance-based fees are calculated.

### Side-by-Side Management and Potential Conflicts of Interest

The Firm simultaneously manages Funds that charge varying fees, some with performance-based compensation and others that only charge asset-based fees. The Funds utilize substantially similar investment strategies and invest in substantially similar securities. This portfolio management relationship is often referred to as side-by-side management. The side-by-side management of Funds that pay varying asset-based fees and performance-based compensation creates a conflict of interest because there is an inherent incentive for the portfolio manager to favor Funds with the potential to receive greater fees and/or compensation. For example, a portfolio manager will be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from a Fund that pays performance-based compensation as opposed to another Fund that does not pay performance-based compensation. Areas in which scarce investment opportunities may exist include securities with foreign ownership restrictions and initial public offerings or new issue securities.

To address these types of conflicts, the Firm has adopted policies and procedures pursuant to which investment opportunities will be allocated among the Funds in a manner that the Firm believes is fair and equitable over time. For a detailed discussion of how the Firm addresses allocation conflicts, please see '[Conflicts of Interest Created by Contemporaneous Trading](#)' under [Other Conflicts of Interest of Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading](#).

To further manage these potential conflicts of interest, the Firm monitors the Funds' performance in an effort to ensure performance is consistent across the Funds. For additional information regarding the Firm's review process please see [Item 13: Review of Accounts](#).

## Item 7: Types of Clients

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The Firm offers advisory services only to Professional Investors within the meaning of the SFO, and its advisory services are currently offered in the United States only through pooled investment vehicles. All the pooled investment vehicles managed by the Firm are unregistered private investment funds and are only directed at persons who are both Accredited Investors within the meaning of Rule 501 of Regulation D under the Securities Act, and Qualified Purchasers within the meaning of Section 2(a)(51) of the Investment Company Act.

Through the Funds, the Firm primarily provides investment advisory services to institutional investors, both U.S. and non-U.S. investors, including charitable and/or religious organizations, corporations, defined contribution and defined benefit pension plans, endowments and foundations, financial Institution, high net-worth individuals, insurance companies, pooled investment vehicles (including fund-of-funds), sovereigns and central banks, state and local governments, supranational organizations, and trusts.

The minimum amount investors must invest in a Fund is set forth in the relevant Fund's offering documents and varies depending on the particular share class being purchased. Such minimum amount is typically between \$1,000,000 and \$10,000,000, and may be waived at the discretion of a Fund's board of directors.

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

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### Methods of Analysis

Set forth below are the primary methods of analysis that the Firm utilizes in managing the Funds. This is a summary only. Full description of the relevant Fund's methods of analysis is disclosed in the offering documents of the relevant Funds. Prospective investors should carefully read all applicable informational materials and offering documents prior to investing in any Funds managed by the Firm.

The Firm's primary method of analysis is fundamental research. The Firm seeks to employ a rigorous, systematic and repeatable investment process characterized by a focused target universe, disciplined approach to idea generation, private equity approach in conducting primary research, a keen focus in isolating the thesis and quantifying the variant perception of the investment, and macro analysis supplementing the position sizing and timing.

Once an investment candidate is identified, primary research is conducted by applying a private equity approach to public markets investing. The members of the Firm travel extensively across the region to meet with management and key business unit heads, competitors, and suppliers and customers in order to conduct on-the-ground due diligence in local language. The Firm undertakes site visits, facility tours, and tests key technology or products. The Firm will also meet with industry contacts and experts who can supplement fundamental due diligence.

The main focus of the research will be to quantify the variant perception by isolating the investment thesis and key inflection points. The Firm may forecast future earnings, cash flows and dividends to ascertain whether a security is under or overvalued. The research process includes building proprietary models, validating key assumptions, articulating a clear and concise thesis, assessing risk/reward, to determine whether a security represents an attractive investment.

Macro analysis plays a supplementary role to the bottom-up process, whereby the macro analysis allows the Firm to move quickly in times of market dislocation and may result in position re-sizing and timing of investment entry or exit. Macro analysis is conducted to supplement position risk/reward assessment, though not to drive significant directional shift in exposure.

### Investment Strategies

Set forth below are the primary investment strategies employed by the Funds managed by the Firm. This is a summary only. Full description of the relevant Fund's investment strategy is disclosed in the offering documents of the Fund. Prospective investors should carefully read all applicable informational materials and offering documents prior to investing in any Funds managed by the Firm.

- Asia Equities Long Short Strategy: A research intensive, fundamentally driven long-short equity investment strategy focused on bottom-up stock picking with a geographic focus on Asia. Through a bottom up security selection process, this Long-Short Strategy seeks to long or short securities of companies where the market price is deemed to represent a compelling risk-reward opportunity relative to the Firm's assessment of the underlying

fundamentals. This strategy is offered through private pooled vehicles managed by the Firm, namely Pleiad Asia Master Fund and its two feeder funds.

- Asia Equities Long-Only Strategy: A research intensive, fundamentally driven long-only equity investment strategy focused on bottom-up stock picking with a geographic focus on Asia. Through a bottom up security selection process, this Long-Only Strategy seeks to long securities of companies where the market price is deemed to represent a compelling risk-reward opportunity relative to the Firm's assessment of the underlying fundamentals. This strategy is offered through private pooled vehicles managed by the Firm, namely Pleiad Asia Equity Master Fund and its two feeder funds.

For both of these investment strategies, the key countries of focus are China/Hong Kong, Japan, Korea, Taiwan, and to a lesser extent, India, Australia and New Zealand, Southeast Asian countries, as well as companies listed on other exchanges that have substantial value derived from Asian operations.

Although the Firm's views may be expressed in a variety of industries and sectors, there will be a core focus on technology, media and telecommunication, consumer, industrial, and financial sectors where the Firm has followed and developed intimate knowledge of a number of companies within those sectors.

The investment portfolio of the Firm's investment strategies are typically characterized by a relatively high degree of concentration in a handful of positions of considerable size. Generally, the investments are made on a mid- to long-term horizon.

## Risk of Loss

The risk factors associated with the investment strategy employed by the Funds managed by the Firm are disclosed in the offering documents or other materials of the relevant Fund. Prospective investors should carefully read the relevant offering documents and consult with their own counsel and advisers as to all matters concerning an investment in a Fund.

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds may engage in short selling. A short sale creates risk of a theoretically unlimited loss. These risks may be amplified by the use of leverage. Prior to investing, investors are strongly urged to review the offering documents (including the risk considerations described therein), the subscription agreement and all related fund documents, to ask such additional questions of the Firm as they deem appropriate, and to discuss any prospective investment in the Fund(s) with their legal and tax advisers. Past performance is not necessarily indicative of future results, which may vary. The value of the Fund and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur.

Set forth below are some of the material risk factors that are often associated with the investment strategies relevant to Funds managed by the Firm. The following list of risk factors is not exhaustive. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a Fund. Prospective investors should not rely solely on the descriptions provided below.

**GENERAL PORTFOLIO RISKS**

- **Adverse Market Conditions**—The Funds may be adversely affected by financial markets and economic conditions throughout the world.
- **Conflicts of Interest**—The Firm’s activities and dealings may affect a particular Fund in ways that may disadvantage or restrict the Fund and/or benefit the Firm or other Funds.
- **Counterparty Risk**—Funds may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, they engage in transactions. Futures and securities traded on certain exchanges may be subject to greater counterparty risk, financial irregularities and/or lack of appropriate risk monitoring and controls. Custodians in certain countries may be subject to little or no regulatory oversight over or independent evaluation of their operations, and the laws of certain countries may place limitations on a Fund’s ability to recover its assets if such custodian enters bankruptcy.
- **Currency Risks**—A Fund that holds investments denominated in currencies other than the currency in which the Fund is denominated may be adversely affected by the volatility of currency exchange rates. Volatility in currency exchange rates may produce significant losses to a Fund which has purchased or sold currencies through the use of forward contracts or other instruments.
- **Cybersecurity**—Personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third-party may be intercepted, misused or mishandled.
- **Dependence on Key Individuals**—The Funds rely on certain key individuals of the Firm (particularly the Founders) who may leave the Firm or become unable to fulfil certain duties.
- **Dependence on Technology**— Implementation of investment strategies of the Firm are dependent upon various computer and telecommunications technologies, which could fail. The Firm may trade on electronic trading and order routing systems, which may experience component failure and issues with system access, varying response times and security.
- **Government Restrictions**—Government regulations and restrictions may limit the amount and type of securities that may be purchased or sold by the Firm on behalf of the Funds, and economic sanction laws in the United States and other jurisdictions may significantly restrict or completely prohibit the Firm and the Funds from investing or continuing to hold an investment in, or transacting with or in, certain countries, individuals, and companies.
- **Interest Rate Risks**—Interests rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by the Funds.
- **Legal, Tax and Regulatory Risks**—New and existing legal, tax (including the passage of comprehensive tax reform described in Appendix B, Information on Significant Strategy Risks—General Risks—Legal, Tax and Regulatory Risks), and regulatory regimes may adversely impact the ability of the Firm to conduct activities and transactions in respect of the Fund or may require material adjustments to the business and operations of the Funds.
- **Leverage Risks**—The use of leverage by a Fund creates exposure to potential gains and losses in excess of the initial amount invested, and relatively small market movements may result in large changes in portfolio value.
- **Limited Operating History Risk**—The Firm has limited operating history upon which prospective investors can reliably evaluate its operating capability. Similarly, the past investment performance of the portfolio managers, if any, cannot be construed as an

indication of the future results of the Firm's capabilities to implement its investment strategies.

- **Liquidity Risks**—The Firm may make illiquid or non-publicly traded investments, and may have difficulty acquiring or disposing of such investments at a price and time that they deem advantageous.
- **Management Risks**—A strategy used by the Firm may fail to produce the intended results for a Fund, and there is a risk that the entire amount invested may be lost.
- **Market and Macro Risks**—The value of a Fund's investments may increase or decrease in response to events affecting particular industry sectors or governments and/or general economic conditions. A number of events could have adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies.
- **Market Risks Specific to Certain Countries**—Securities may be subject to heightened risk of loss because of more or less government regulation, less public information, less liquidity, greater volatility and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded.
- **Market Risks Specific to Emerging and Developing Markets**—Investing in emerging and growth markets entails social, economic, technological and political risks not usually associated with investing in developed markets.
- **Operational Risk**—A Fund may suffer losses arising from shortcomings or failures in internal processes, people or systems, or from external events.
- **Portfolio Concentration Risk**—A portfolio that concentrates its investments in a relatively small number of issuers, asset classes, geographic locations or economic sectors may be more adversely affected by adverse economic, business, political or other developments than a less concentrated portfolio.
- **Portfolio Dilution Risks**—The Firm may invest some of a Fund's assets temporarily in money market funds or other similar types of investments, during which time a Fund may be prevented from achieving its investment objective.
- **Portfolio Turnover Risks**—High turnover and frequent trading in a Fund could result in, among other things, higher transactions costs and adverse tax consequences.
- **Performance-Based Compensation**—The receipt of performance-based compensation by the Firm creates an incentive to make investments that are riskier or more speculative than would be the case in the absence of such arrangements.
- **Reputation Risks**—The dissemination of negative or inaccurate information about the Firm via social media or other means could harm the business, reputation, financial condition, and operation of the Firm, which could adversely affect the Firm's capability to provide advisory services to the Funds.
- **Risk Management Risks**—There can be no assurance that the Firm's use of various strategies to manage the volatility and related risk of a Fund's portfolio will achieve its objective.
- **Side Pocket Risk**—The Funds have the ability, under certain circumstances, to segregate one or more assets through the use of side pockets, which entails a number of risks, including significant liquidity and valuation risks.
- **Sector Risks**—Stock prices of companies operating in certain sectors may experience significant price movements as a result of sector-specific market volatility, competition, consumer preferences, product compatibility, product obsolescence, government regulation, or excessive investor optimism or pessimism.

- **Valuation Risks**—In valuing assets that lack a readily ascertainable market value the Firm or its agent may utilize dealer-supplied quotations or pricing models based on methodologies that are subject to error.
- **Volatility Risks**—The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### **RISKS THAT APPLY PRIMARILY TO EQUITY INVESTMENTS**

- **Equity and Equity-Related Securities and Instruments**—The value of common stocks or other equity related securities of issuers may be affected by factors specific to the issuer, the issuer's industry and the risk that stock prices historically rise and fall in periodic cycles.
- **IPOs/New Issues Risks**—The purchase of IPO/New Issue shares may involve high transaction costs and such shares may be subject to greater risks than investments in shares of publicly traded companies.
- **Pre-IPO Investments Risks**—Investments in privately held companies, including in pre-IPO shares, are less liquid and difficult to value, and there is significantly less information available about such companies relative to public companies.
- **Preferred Stock, Convertible Securities and Warrants Risks**—The value of preferred stock, convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock.
- **Private Investments in Public Equities ("PIPEs")**—Equity issued in PIPE transactions is subject to transfer restrictions and is less liquid than securities issued through a registered public offering.
- **Risks Relating to Portfolio Company Reputation**—If a portfolio company fails to maintain the strength and value of the portfolio company's brand, or if its public image or reputation were to be tarnished by negative publicity, its value is likely to decrease, which could have an adverse effect on the Funds.

#### **RISKS THAT APPLY PRIMARILY TO DERIVATIVES INVESTMENTS AND SHORT SALES**

- **Failure of Brokers, Counterparties and Exchanges Risks**—A Fund will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, it deals.
- **Forward Contracts Risks**—Investment in forward contracts, which are generally not regulated and are not subject to limitations on daily price moves, may involve counterparty credit risk and default risk.
- **Futures Risks**—Futures positions may be illiquid due to daily limits on price fluctuations, and the CFTC may suspend trading or order immediate liquidation and settlement of a particular contract.
- **Hedging Risks**—Hedging techniques involve risks such as the possibility that losses on the hedge may be greater than gains in the value of the positions of a Fund.
- **Options Risks**—The market price of the security underlying a call or put option may decrease below, or increase above, as applicable, the purchase price of the underlying security.
- **Reverse Repurchase Agreements Risks**—The value of securities being relinquished in a reverse repurchase transaction may decline below the closing price, and counterparties

to a reverse repurchase agreement may be unable or unwilling to complete the transaction as scheduled.

- **Risks of Derivative Investments**—Investments in options, futures, and other derivative instruments involve risks including illiquidity in the markets for derivative instruments, failure of the counterparty to perform its contractual obligations, or the risks arising from margin requirements. When entering into forward, spot or option contracts, or swaps, a Fund may be required, and must be able, to perform its obligations under the contract.
- **Short Selling/Position Risk**—Short selling involves the risk of potentially unlimited losses and the inability to reacquire a security or close the transaction timely or at an acceptable price.
- **Swaps Risks**—The use of swaps may be subject to various types of risks, including, among others, market risk, liquidity risk, structuring risk, legal risk, tax risk, and the risk of non-performance by the counterparty.
- **When-Issued Securities and Forward Commitments**—The purchase of securities on a when-issued or forward commitment basis involves a risk of loss if the value of the security to be purchased declines before the settlement date. Conversely, the sale of securities on a forward commitment basis involves the risk that the value of the securities sold may increase before the settlement date.



## Item 9: Disciplinary Information

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

## Item 10: Other Financial Industry Activities and Affiliations

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### Asset Management License

The Firm has a Type 9 (Asset Management) Licence from the SFC, pursuant to the SFO. Under the Hong Kong regulatory regime, this license allows the Firm to conduct regulated activity of asset management, which means providing a service of managing a portfolio of securities or futures contracts for clients on discretionary basis. This category of regulated activity will cover discretionary investment managers, whether managing a fund or an advisory account.

The Firm is not a registered broker-dealer in Hong Kong or in the United States; however, it is relevant to note that the Type 9 (Asset Management) License not only covers portfolio management activities, but also permits incidental marketing of Funds which are managed by the Firm as well as incidental research and securities analysis. Consequently, such incidental activity allows the Firm to carry out activities (on a limited basis) without the need to obtain Type 1 (Dealing in Securities) License and Type 4 (Advising on Securities) License, respectively.

### Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

The Firm is not registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor ("CTA"), a Commodity Pool Operator ("CPO"), or a futures commission merchant ("FCM"). The Firm has filed a notice of claim for *de minimis* exemption from CPO registration, pursuant to the CFTC Rule 4.13(a)(3). To qualify for the *de minimis* exemption under the CFTC Rule 4.13(a)(3), commodity interest positions in each of the Funds managed by the Firm must be limited such that either: (i) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of each Fund's portfolio, after taking into account unrealized profits and losses, or (ii) the aggregate net notional value of such positions, determined at the time the most recent position was established, does not exceed 100% of the liquidation value of each of the Fund's portfolio, after taking into account unrealized profits and losses.

### Other Material Relationships

#### Strategic Investor

The Firm has a strategic relationship with HS Group, Inc. (the "Strategic Investor"), a seed investor of a Fund managed by the Fund. Although the Strategic Investor has no investment discretion over the Funds or the Firm, and the board of directors of the Funds and the Firm are totally independent from the Strategic Investor, there are a number of actions that may not be taken by the Firm or the Funds managed by the Firm without first obtaining the Strategic Investor's consent. It should be noted that these consent rights may place a significant limitation on the discretion of the Firm or the Fund which may have a materially adverse effect on the Funds, or operate to prevent the Firm from engaging in certain activities. Funds' board of directors' discretion may in some cases

be fettered due to the exercise of the Strategic Investor's consent rights. However, the agreement with the Strategic Investor provides that if the requirement for obtaining such consent and the result of such consent is deemed by the opinion of a legal counsel reasonably acceptable by the Strategic Investor to cause a breach of common law, statutory or other fiduciary duty that the Firm or any director or officer of the Funds owes to the Fund, then such consent will be modified, to the extent necessary, as required to conform to applicable law, statute, or fiduciary duty.

**Other Strategic Relationship**

The Firm may enter into other strategic relationships with existing investors in the Funds or third parties that afford such investors the opportunity to invest with the Firm across multiple Funds and on favourable terms. Such strategic relationships, although intended to be complementary to certain Funds, may require the Funds to share investment opportunities or otherwise limit the amount of an investment opportunity the Funds can otherwise take and adversely impact potential co-investment opportunities. Moreover, such relationships can be expected to present certain risks and conflicts of interest, and may include terms that are more favourable than the terms given to the other investors in the Funds, such as capacity to invest in the Funds or an offer to participate in a co-investment opportunity.

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

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### Code of Ethics and Personal Trading

The Firm has adopted a Code of Ethics and other compliance policies and procedures (collectively, the "Code") designed to comply with the laws and regulations in Hong Kong and with Rule 204A-1 of the Advisers Act. The Code establishes rules of conduct for all the Firm's employees ("Employees") which includes, all full time employees of the Firm, including directors, interns, and contingent workers and executive officers, and is designed to, among other things, govern personal securities trading activities in the accounts of Employees. The Code is based on the principle that Employees owe a fiduciary duty to the Funds. Accordingly, Employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of the Funds. Both the Firm and its Employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this requirement involves more than acting with honesty and good faith alone. It means that the Firm has an affirmative duty of utmost good faith to act solely in the best interest of the Funds it manages.

The Code also imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal accounts, including investments in pooled investment vehicles that are managed by the Firm.

The Firm will provide a copy of the Code to prospective investors or investors upon request.

### Participation or Interest in Client Transactions

When permitted by applicable law and the Firm's policy, the Firm, acting on behalf of its advisory accounts, from time to time enters into transactions in securities and other instruments with or through the Firm, and causes accounts to engage in principal transactions, cross transactions, and agency cross transactions.

- A "principal transaction" occurs if the Firm, acting on behalf of its Funds, knowingly buys a security from, or sells a security to, the Firm's own account.
- A "cross transaction" occurs when the Firm arranges a transaction between different Funds where they buy and sell securities or other instruments from, or to each other. For example, in some instances a security to be sold by one Fund may independently be considered appropriate for purchase by another Fund. In such cases, the Firm may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant Funds at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred, no part of which will be received by the Firm.
- An "agency cross transaction" occurs if the Firm acts as broker for, and receives a commission from a Fund on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by another Fund. The Firm faces potentially conflicting division of loyalties and

responsibilities to the parties in such transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms.

No such transactions will be effected unless the Firm determines that the transaction is in the best interest of each client account and permitted by applicable law. Furthermore, there may be limitations or restrictions placed on the use of such transactions in the event assets of a Fund is treated as “plan assets” subject to the U.S. Employee Retirement Income Security Act of 1974 (“ERISA”), including, without limitation, for purposes of complying with ERISA and otherwise.

The Firm has developed policies and procedures in relation to such transactions and conflicts. In the case of Funds, consent may be granted by a board of directors, in which case other investors will not have the opportunity to provide or withhold consent to the proposed transaction.

### **Proprietary Investments by the Adviser and/or its Related Persons**

In the ordinary course of business, and subject to compliance with applicable regulations, the Firm and its Founders, from time to time, invest in the Funds managed by the Firm. Also, certain of the Firm's employees, and investment vehicles formed to facilitate investments by the Firm's employees, are permitted to invest directly or indirectly in the Funds managed by the Firm and they may benefit from the investment performance of those Funds, with no fees payable to the Firm.

The Firm's policy is to treat investment in the Funds from the Firm or its related persons in the same manner as other investors for purposes redemption of shares, with no preferential treatment in terms of observation of investor gates or notice period. However, because the Firm and its related persons generally have better transparency into the investment portfolio of the Fund, they may benefit from making decisions based on information that are not available to other investors in the Fund.

Where the investments in a Fund from the Firm or its related persons comprise a significant part of the net assets of the Fund, a large redemption of shares by the Firm or its related persons could result in the fund selling securities when it otherwise would not have done so, accelerating the realization of capital gains and increasing transaction costs. A large redemption in such case could significantly reduce the assets of a fund, causing a higher expense ratio and decreased liquidity. In addition, a large redemption in a Fund from the Firm or its related persons, particularly from its Founders, may be perceived as conflicting with, or not aligned with, the interest of other investors in the Fund. In certain cases, the relevant Fund's board of directors is required to promptly notify the investors where they are notified of a large redemption by the Founders.

### **Investing in Securities which the Adviser or a Related Person Has a Material Financial Interest**

Other than investing in the Funds or in open-ended pooled investment vehicles managed by third-party advisers, the Firm, and any of their directors, partners, officers, agents or employees, are generally prohibited from buying, selling, or trading securities for their own accounts or the proprietary accounts of the Firm. However, the Firm may invest securities in on behalf of the Funds that its related persons may have a legacy position in from prior to joining the Firm. As a result, positions taken by the Firm and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken by the Fund managed by the Firm. As these situations involve actual or potential conflicts of interest, the Firm has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and

perceived conflicts of interest with the Funds and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding pre-clearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of the Funds, including the prevention of front-running. In addition, the Firm has implemented monitoring systems designed to ensure compliance with these policies and procedures.

## Other Conflicts of Interest

### Conflicts Related to the Advising of Multiple Funds

The Firm manages multiple pooled investment vehicles (i.e. the “Funds”). The portfolio managers are not required to devote all or any specific portion of their working time to the affairs of any specific Fund. Conflicts of interest do arise in allocating management time, services or functions among such Funds. Generally, portfolio holdings, relative position sizes, industry and sector exposures generally tend to be similar across the Funds. However, the Firm faces conflicts of interest when the Firm manage Funds with similar investment objectives and strategies. For example, Funds may have to compete for investment opportunities that may be limited in size (e.g. IPOs). The Firm has controls in place to monitor and mitigate these potential conflicts of interest. See [Conflicts Related to Allocation and Aggregation](#) below for further details on this subject.

### Conflicts of Interest Created by Contemporaneous Trading

Positions taken by a Fund may also dilute or otherwise negatively affect the values, prices or investment strategies associated with positions held by another Fund. When a portfolio decision or strategy is implemented for a Fund ahead of, or contemporaneously with, another Fund (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in one account being disadvantaged or receiving less favourable investment results than the other account, and the costs of implementing such portfolio decisions or strategies could be increased.

In addition, it may be perceived as a conflict of interest when activity in one Fund closely correlates with the activity in another Fund, such as when a purchase by one Fund increases the value of the same securities previously purchased by another Fund, or when a sale in one account lowers the sale price received in a sale by a second Fund. Furthermore, if a Fund engages in short sales of securities in which another Fund invest, the Firm could be seen as harming the performance of one Fund for the benefit of the account engaging in short sales if the short sales cause the market value of the securities to fall.

The Firm has controls in place to monitor and mitigate these potential conflicts of interest. See also [Side-by-Side Management and Potential Conflicts of Interest](#) under [Item 6: Performance-Based Fees and Side-By-Side Management](#) on this subject.

### Conflicts Related to Allocation and Aggregation

Potential conflicts of interest also arise involving both the aggregation of trade orders and allocation of securities transactions or investment opportunities. Allocations of aggregated trades,

particularly trade orders that were only partially filled due to limited availability, and allocation of investment opportunities raise a potential conflict of interest because the Firm has an incentive to allocate trades or investment opportunities to certain Funds. For example, the Firm has an incentive to allocate an offering in securities to one Fund but not to the others, where such offering is limited in amount. In addition, the Firm may receive more compensation from one Fund than it does from another Fund or may receive compensation based in part on the performance of one Fund, but not the other. This could incentivize the Firm to allocate opportunities of limited availability to the Fund that generates more compensation for the Firm.

The Firm has established policies, procedures and practices to manage the conflicts described above. The Firm's allocation and order aggregation practices are designed to achieve a fair and equitable allocation and execution of investment opportunities among its Funds over time, and these practices are designed to comply with securities laws and other applicable regulations. See [Item 12: Order Aggregation](#) for a complete description of the Firm's allocation and aggregation practices. In addition to the aforementioned policies, procedures and practices, the Firm also monitors a variety of areas, including compliance with account guidelines, IPOs, new issue allocation decisions, and any material discrepancies in the performance of similar accounts.

#### **Side Letters; Preferential Terms**

The Firm, on its own behalf or on behalf of a Fund, from time to time enters into side letters or other similar agreements with Investors in connection with their investment in the Fund without the approval of any other Investor. The side letters or other similar agreements have the effect of establishing rights under, altering or supplementing the terms of the governing documents of the fund with respect to one or more such investors in a manner more favourable to such investors than those applicable to other investors. Such rights or terms in any such side letter typically include, one or more of the following: (i) fee and other economic arrangements with respect to such investor, including fee rebate and expense caps or reimbursements for certain types of expenses; (ii) excuse or exclusion rights applicable to particular investments or withdrawal or transfer rights from the investment vehicle, including as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the Fund); (iii) additional or modified reporting obligations of the Firm (or the board of directors of the relevant Fund) or other enhanced information or notice rights for certain investors; (iv) waiver of certain confidentiality obligations, including where certain disclosures are required by federal or state "sunshine" laws; (v) prior consent of the Firm (or the board of directors of the relevant Fund) to certain transfers by such investor; (vi) special rights with respect to co-investment allocation and participation; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the Firm (or the board of directors of the relevant Fund) with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; (x) agreements to assist with the reporting or defending of tax positions; and (xi) certain obligations and restrictions on the applicable general partner (or the board of directors of the relevant Fund) with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms.

Furthermore, the Firm from time to time enter into strategic partnerships directly or indirectly with investors that commit significant capital to a range of products and investment ideas sponsored by the Firm. Such arrangements typically include the Firm granting certain preferential terms to such investors, including capacity rights to invest in the Funds or an offer to participate in a co-investment opportunity.

**Potential Conflicts Relating to Valuation**

There is an inherent conflict of interest where the Firm values securities or assets in the Fund or provides any assistance in connection with such valuation and the Firm is receiving a fee based on the value of such assets. Overvaluing certain positions held by the Funds will inflate the value of the Fund assets as well as the performance record of such Funds which would likely increase the fees payable to the Firm. The valuation of investments may also affect the ability of the Firm to raise assets for the Funds. As a result, there may be circumstances where the Firm is incentivized to determine valuations that are higher than the actual fair value of investments.

In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

- A significant event that affects the value of a security;
- Illiquid securities;
- Securities that have defaulted or are de-listed from an exchange and are no longer trading; or
- Any other circumstance in which it is determined that current market quotations do not accurately reflect the value of the security.

The Firm will be guided by specific policies and requirements with respect to valuation of Fund holdings. Such policies may include valuations that are provided by third-parties, when appropriate, as well as comprehensive internal valuation methodologies. It should be noted, however, that the Firm alone does not have the ability to value any securities or assets held by the Fund. Where the Firm is involved in valuation of securities or assets held by the Fund, or provides any assistance in connection with such valuation, independent members of the respective Fund's board of directors must approve such valuations.



## Item 12: Brokerage Practices

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### Broker-Dealer Selection

#### **Selection of Broker-Dealers**

The Firm places orders for the execution of transactions for the Funds according to its best execution policies and procedures. The Firm may take into account a range of factors in deciding how to execute trades, including, but not limited to, price; costs; timing and speed of execution; responsiveness; creditworthiness and financial stability; likelihood of, and capabilities in, execution, clearance and settlement; size; liquidity in or with an execution venue; nature; in certain circumstances, a broker's or counterparty's willingness to commit capital and, where permitted by applicable law, the provision of research and "soft dollar benefits" as described below; and other appropriate factors. Best price, giving effect to commissions and commission equivalents (if any) and other transaction costs, is normally an important factor in deciding how to execute transactions, but, in consideration of the relevant factors and due to applicable legal and/or regulatory restrictions, transactions will not always be executed at the lowest available price or commission or commission equivalents (if any). In determining the relative importance of factors considered, the Firm takes into account the nature of orders, the characteristics of the financial instruments to which the order relates and the characteristics of the available brokers or counterparties which can be used.

The reasonableness of commissions or commission equivalents for trade execution is evaluated by the Firm on an ongoing basis based on many factors, including the general level of compensation paid and, in certain cases, the nature and value of research and other services provided.

The Firm's primary objective in broker-dealer selection is to comply with its duty to seek best execution. Best execution does not necessarily mean the lowest commission or price, but instead involves consideration of a number of factors as noted above.

#### **Brokerage for Client Referrals**

The Firm may select broker-dealers, to provide prime brokerage services to the Funds. Conflicts may arise when the Firm selects prime brokers. Prime brokerage firms may introduce prospective investors to the Firm, which will create incentives for or benefits to the Firm to select these prime brokerage firms. The Firm selects such firms only when consistent with obtaining appropriate services for the Funds in conjunction to the factors used by the Firm in selecting broker-dealers to execute trades described above.

#### **Directed Brokerage**

The Firm has full discretionary authority to determine and direct execution of portfolio transactions for discretionary investments made by the Firm on behalf the Funds. No directed brokerage arrangements has been entered into by the Firm.

### Research and Soft Dollar Arrangements

**Soft Dollar Arrangements**

Subject to the Firm's best execution policy, the Firm uses a portion of the commissions generated when executing transactions to acquire external research and brokerage services ("soft dollar benefits") in a manner consistent with the "safe harbor" requirements of Section 28(e) of the Securities Act. The products and services obtained from use of commissions qualify as permissible under the "safe harbor" of Section 28(e). For all the Funds and as permitted under the Section 28(e) safe harbor, as it has been interpreted by the SEC, the Firm may utilize equity trading commissions to purchase eligible brokerage and research services where those services provide lawful and appropriate assistance in the decision-making process, and the amount of commissions is reasonable in relation to the value of the products or services provided by the broker-dealer. While the Firm generally seeks the most favorable price in placing its orders, an account may not always pay the lowest price available, but generally orders are executed within a competitive range. The Firm will review commission rates within each market to determine whether they remain competitive. The Firm may select brokers who charge a higher commission than other brokers, if the Firm determines in good faith that the commission is reasonable in relation to the services provided. On a semi-annual basis, the Firm utilizes a defined framework which compares and assesses the value of the research received from research providers (both traditional brokers and independent research providers).

**Commission Sharing Arrangements**

The Firm makes payments for permissible soft dollar benefits either via a portion of the commission paid to the executing broker, or through commission sharing arrangements ("CSA"s). CSAs enable the Firm to effect transactions, subject to best execution, through brokers who agree to allocate a portion of eligible commissions into a pool that can be used to pay for research from providers with which the Firm does not have a brokerage relationship.

Often the research obtained with CSA credits is third party research (i.e., research not produced by the executing broker). However, the Firm may allocate a portion of the CSA credits to the value that it assigns to the executing broker's proprietary research, where the broker does not assign a hard dollar value to the research it provides, but rather bundles the cost of such research into the commission structure. In the event of a broker-dealer's default or bankruptcy, CSA credits may become unavailable for the benefits described above.

Participating in CSAs enables the Firm to consolidate payments for brokerage and research services through one or more channels using accumulated commissions or credits from transactions executed through a particular broker-dealer to obtain brokerage and research services provided by other firms. Such arrangements also help to ensure the continued receipt of brokerage and research services while facilitating the Firm's ability to seek best execution in the trading process. The Firm believes CSAs are useful in its investment decision-making process by, among other things, providing access to a variety of high quality research, individual analysts, and resources that the Firm might not otherwise be provided absent such arrangements.

When the Firm uses brokerage commissions generated by the Funds to obtain research or brokerage services, the Firm receives a benefit because it does not need to produce or pay for the research or brokerage services itself.

As a result, the Firm may have an incentive to select a particular broker-dealer in order to obtain research, CSA payments or brokerage services from that broker-dealer, rather than to obtain the lowest price for execution. Where applicable, the Firm has established a separation of the trade execution decision from the selection of research providers through CSAs.

**Allocation of Soft Dollar Benefits**

The research obtained via soft dollars may be used to benefit any of the Funds managed by the Firm, not only for the particular Fund that generated the credits. Additionally, the research is not generally allocated to Funds proportionately to the soft dollar credits that the Fund generate.

**Products and Services Acquired with Client Brokerage Commissions**

The types of products and services that the Firm acquired with brokerage commissions during the last fiscal year included: research analysis, reports and data concerning issuers, industries, securities, economic factors and trends, portfolio strategy; economic, market and financial data; accounting and legal analysis; and other services relating to effecting securities transactions and functions incident thereto. Research may be provided via written reports, electronic systems, telephone calls or in-person meetings. The products and services obtained from use of commissions generated by the Funds qualify as permissible under the "safe harbor" of Section 28(e).

**Order Aggregation****Aggregation of Orders**

The Firm has allocation practices in place that are designed to reasonably promote fair and equitable allocations of investment opportunities among its client accounts over time and to promote compliance with applicable regulatory requirements. Such practices are designed to reasonably ensure that accounts are treated in a fair and equitable manner. In general, orders involving the same investment opportunity are aggregated throughout each trading day, consistent with the Firm's obligation to obtain best execution for its Funds. Partially completed orders will generally be allocated among participating Funds on a pro-rated average price basis. No one Fund may be systematically favoured over another in the allocation of trade orders. Similarly, Funds are to be treated in a non-preferential manner, such that allocations are not based upon the nature of the Fund, Fund's performance, fee structure, or the portfolio manager.

The Firm generally aggregates contemporaneous purchase or sale orders of the same security across multiple Funds. Pursuant to the Firm's trade aggregation and allocation policies and procedures, the Firm determines the appropriate facts and circumstances under which it will aggregate trade orders depending on the investment strategy or type of security or instrument and timing of order flow and execution.

When Funds' orders are aggregated, the orders will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, the Firm generally allocates the securities or other instruments purchased or the proceeds of any sale pro-rata among the Funds, based on such Funds' relative size. Adjustments or changes may be made and allocations may be made on a basis other than pro-rata under certain circumstances such as to avoid odd lots or small allocations or to satisfy account cash flows or to comply with investment guidelines.

For example, when a pro-rata allocation of an IPO/New Issue would result in de minimis allocation relative to the size of a Fund, such allocation may be reallocated to other Funds. In addition, if the order at a particular broker-dealer or other counterparty is filled at several different prices,

through multiple trades, generally all Funds will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice.

### **Exceptions to Order Aggregation**

The Firm generally does not aggregate orders where aggregation is not appropriate or practicable from the Firm's operational or other perspectives or if doing so would not be appropriate in light of applicable regulatory considerations. For example, trading instructions, cash flows, or portfolio management processes may, among other factors, result in separate, non-aggregated trades.

The Firm may be able to negotiate a better price and lower commission rate on aggregated trades than on trades that are not aggregated. However, the Firm is not required to aggregate trades and when trade orders are not aggregated, the Funds will not benefit from a better price and lower commission rate or lower transaction cost that might have been available had the trades been aggregated.

### **Trade Errors and Error Resolution**

Trade errors and other operational mistakes occasionally occur in connection with the Firm's management of the Funds. The Firm has developed policies and procedures that address the identification and correction of trade errors. Errors can result from a variety of situations including, situations involving portfolio management (e.g., inadvertent violation of investment restrictions) trading, processing or other functions (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.). The Firm's policies and procedures require that all errors affecting a Fund be resolved promptly and fairly. Under certain circumstances, the Firm may consider whether it is possible to adequately address an error through cancellation, correction, reallocation of losses and gains or other means.

The Firm makes its determinations pursuant to its error policies on a case-by-case basis, in its discretion, based on factors it considers reasonable. Relevant facts and circumstances the Firm may consider include, among others, the nature of the service being provided at the time of the incident, whether intervening causes, including the action or inaction of third parties, caused or contributed to the incident, specific applicable contractual and legal restrictions and standards of care, the nature and materiality of the relevant circumstances, and the materiality of any resulting losses.

Incidents may result in gains as well as losses. In certain circumstances, the Fund's board of directors may determine that the gains or losses associated with these incidents will be treated as being for a Fund (i.e., Fund will bear the loss or benefit from the gain). In other circumstances, however, the Fund's board of directors may determine that it is appropriate for the Firm to reimburse to the Fund any losses that are the result of an incident.

The Firm's policies and procedures generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by the Firm. Therefore, not all mistakes will be considered compensable to the Fund. Imperfections in the implementation of investment decisions, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement, imperfection in processing corporate actions, or imperfection in the generation of cash or holdings reports resulting in trade decisions may not

constitute compensable errors, depending on the facts and circumstances. In addition, in managing the Funds, the Firm may establish non-public, formal or informal internal targets, or other parameters that may be used to manage risk, or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error.

The Firm may at any time, in its sole discretion and without notice to investors, amend or supplement its policies with respect to account errors and error resolution.

## Item 13: Review of Accounts

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### Review of Accounts

The Firm's portfolio managers are generally responsible for the daily management and review of the portfolios of the Funds under their supervision. Senior members of the Firm periodically review each Fund managed by the Firm. Such reviews include a review of the Fund's performance, investment objectives, security positions and other investment opportunities, as well as portfolio guidelines, risk parameters and liquidity requirements, if applicable. Additional reviews may be undertaken at the discretion of the Firm.

### Factors Prompting Review of Client Accounts Other than a Periodic Review

In addition to periodic reviews, the Firm may perform reviews as it deems appropriate or as otherwise required. Additional reviews of the Funds may be triggered by market conditions and developments, factors in relation to certain industry, country or issuer, compliance guideline or risk parameter monitoring, statutory and regulatory changes and any issues that may have been identified with respect to a Fund.

### Reporting

Investors in the Funds managed by the Firm receive reports described in the offering or organizational document for the relevant vehicle information or as required by law, rule or regulation. Such reports are typically produced and issued by the Funds' administrators, who are independent from the Firm, and may include monthly statement of net asset value per share, quarterly transparency report, and annual audited financial statements. In addition, Investors in the Funds may receive certain periodic reports produced and issued by the Firm, which may include report on estimated performance, monthly snapshot of the portfolio, and quarterly letters describing the portfolio positioning and performance drivers.

## Item 14: Client Referrals and Other Compensation

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### Economic Benefits Received from Third-Parties for Providing Services to Clients

The Code and other related policies and procedures adopted by the Firm restrict the receipt of personal benefits by Employees of the Firm in connection with the Firm's business. Subject to the Code and related compliance policies, in limited circumstances exceptions may be made for certain nominal non-cash gifts, meals, refreshments and entertainment provided in the course of a host attended business-related meeting or other occasion. Please see [Code of Ethics and Personal Trading](#) under [Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading](#).

### Compensation to Non-Supervised Persons for Client Referrals

Neither the Firm nor any of its related persons compensate any person, who is not a supervised person of the Firm, for investor referrals. See [Broker-Dealer Selection](#) under [Item 12: Brokerage Practices](#) for the Firm's practice in relation to brokerage for client referrals.

## Item 15: Custody

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The Firm does not maintain physical custody of its clients' assets. The Type 9 (Asset Management) License granted to the Firm by the SFC conditions the Firm not to hold client assets. The terms "hold" and "client assets" are as defined under the SFO. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets, for example, when the Firm or a related person acts in any capacity that gives it legal ownership of, or access to, client assets, (e.g., when the Firm serves as a general partner, managing member, or comparable position for certain unregistered investment pools).

The Firm offers advisory services only through the Funds managed by the Firm. Investor's assets within the Funds are typically held by the Fund's bank, prime brokers or other "qualified custodians" pursuant to separate agreements with the Funds. The Fund has an administrator who is independent of the Firm. Investors in the Fund will receive monthly account statements from the Fund's administrator. The Firm urges investors to carefully review such statements and compare such official records to any reports that the Firm may provide to such investors.

Additionally, investors in the Funds will receive the Funds' annual audited financial statements typically within four months of the fiscal year end. Investors should review these statements carefully. If investors in the Funds do not receive audited financial statements in a timely manner, they should contact the Firm immediately.



## Item 16: Investment Discretion

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The Firm possesses discretionary portfolio management authority with respect to investment decisions over the Fund as per the Fund's constitution and offering documents. The Firm has the authority to determine: (i) the securities to be purchased and sold for the Fund; and (ii) the amount of securities to be purchased or sold for the Fund.

As described in [Types of Services Offered](#) under [Item 4: Advisory Business](#), the Firm currently does not provide any discretionary or non-discretionary investment management services to any clients other than the Funds.

For an additional discussion of risks related to the Firm's discretionary authority, please refer to [Side-by-Side Management and Potential Conflicts of Interest](#) under [Item 6: Performance-Based Fees and Side-By-Side Management](#).

## Item 17: Voting Client Securities

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The Firm has voting discretion for all the Funds it manages.

The Firm has adopted policies and procedures (the “Proxy Voting Policy”) for the voting of proxies. Under the Proxy Voting Policy, the Firm’s guiding principles in performing proxy voting are to make decisions that favor proposals that in the Firm’s view maximize a company’s shareholder value and are not influenced by conflicts of interest. The Proxy Voting Policy address a wide variety of individual topics, including, among other matters, shareholder voting rights, anti-takeover defences, board structures, executive and director compensation, mergers and various shareholder proposals. The Proxy Voting Policy is reviewed periodically to ensure it continues to be consistent with the Firm’s guiding principles.

From time to time, the Firm’s ability to vote proxies may be affected by regulatory requirements and compliance, legal or logistical considerations. As a result, the Firm, from time to time, may determine that it is not practicable or desirable to vote proxies.

The Firm has implemented processes designed to prevent conflicts of interest from influencing proxy voting decisions that the Firm makes on behalf of the Funds, and to help ensure that such decisions are made in accordance with the Firm’s fiduciary obligations to the Funds. Notwithstanding such proxy voting processes, proxy voting decisions made by the Firm in respect of securities held by a particular Fund may benefit the interests of the Firm and/or the Funds other than the Fund, provided that the Firm believes such voting decisions to be in accordance with its fiduciary obligations.

## Item 18: Financial Information

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### Balance Sheet

Pursuant to SEC instructions, the Firm is not required to include its balance sheet as part of this Brochure.

### Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

The Firm is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

### Bankruptcy Filings

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Glossary

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As used in this Brochure, these terms have the following meanings.

“1933 Act” means the U.S. Securities Act of 1933, as amended.

“Accredited Investors” means accredited investors as defined by Rule 501 of Regulation D under the U.S. Securities Act of 1933

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Brochure” means the Firm’s Form ADV, Part 2A.

“CFTC” means the Commodity Futures Trading Commission.

“Code” means the Firms’ Code of Ethics and other related compliance policies and procedures.

“CPO” means commodity pool operator.

“CTA” means commodity trading advisor.

“CSA” means commission sharing agreement.

“Employees” means all full time employees of the Firm, including directors, interns, and contingent workers and executive officers

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Firm” means Pleiad Investment Advisors Limited.

“Founders” means Michael Yoshino and Kenneth Lee.

“Fund” and “Funds” means the private pooled investment vehicles managed by the Firm.

“IPO/New Issue” means an initial public offering or new issue.

“PIPEs” means private investments in public equities.

“Professional Investors” means professional investors as defined by the Hong Kong Securities and Futures Ordinance and its subsidiary legislations.

“Proxy Voting Policy” means the Firm’s policies and procedures for the voting of proxies on behalf of Funds.

“Qualified Purchasers” means qualified purchasers as defined by Section 2(a)(51) of the U.S. of the Investment Company Act, as amended.

“SEC” means the U.S. Securities and Exchange Commission.

“SFC” means the Hong Kong Securities and Futures Commission.

“SFO” means the Hong Kong Securities and Futures Ordinance and its subsidiary legislations.

“Strategic Investor” means HS Group, Inc.

“Type 9 (Asset Management) License” means license granted by the Hong Kong Securities and Futures Commission to licensed corporations to conduct the regulated activity of “Asset Management”.