

# QTRON INVESTMENTS

L i m i t e d   L i a b i l i t y   C o m p a n y

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Form ADV Part 2A Brochure  
March 30, 2020

This brochure provides information about the qualifications and business practices of Qtron Investments LLC. Registration as an investment adviser under applicable SEC rules and regulations does not imply any level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any U.S. state or other securities authority. If you have any questions about the contents of this brochure you may contact us at 617-514-7340 or [compliance@qtroninvestments.com](mailto:compliance@qtroninvestments.com). Additional information about Qtron Investments is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

From time to time, Qtron Investments LLC (“Qtron”) may amend this Disclosure Brochure to reflect changes in its business practices, changes in regulations and routine annual updates as required under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) or the rules adopted thereunder by the SEC. This Disclosure Brochure shall be provided to each client annually and if a material change occurs.

This Brochure dated March 30, 2020 amends the previous Brochure dated March 28, 2019.

Qton Investments changed its Principal Office and Place of Business to:

Qtron Investments LLC

200 High Street 5<sup>th</sup> Floor

Boston, MA 02110

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## **Item 4 - Advisory Business**

### ***Firm Overview***

The Adviser, Qtron Investments LLC, ("Qtron" or the "Adviser") is an investment adviser with its principal place of business in Boston, Massachusetts. The office is located at 200 High Street, 5th Floor, Boston, MA 02110. The Adviser was incorporated as a Delaware limited liability company on May 10, 2016. The Adviser had approximately \$523 million under management on a discretionary basis as of December 31, 2019. The Adviser does not have any assets under management on a non-discretionary basis.

### ***Ownership Structure and Leadership***

Qtron's leadership team consists of Ronald Hua and Dmitri Kantsyrev, who co-founded the Adviser and comprise its Board of Directors. They are the managing members of the Adviser.

### ***Description of Advisory Services***

The Adviser specializes in process-driven, systematic investment management through a structured investment process by employing quantitative methods and analysis. This includes mathematical strategies that rely on fundamental insights and patterns in data in evaluating prospective investments. These strategies are implemented through the use of various optimization and execution tools (as defined below). The Adviser provides advisory services on a discretionary basis to its clients, which include private investment funds, separately managed accounts, and sub-advisory clients.

The Adviser is focused on quantitative, bottom-up stock selection. This involves identifying opportunities across companies in different sectors and regions/countries through the use of proprietary systems:

#### **1) Stock Selection – Fundamental Boosting**

Qtron Stock Booster Equity strategies inject fundamental insights into quantitative models. Instead of a traditional linear approach, fundamental boosting utilizes a piece-wise linear construct. Qtron applies the fundamental boosting technique on three levels:

A) *Factor Boosting (ingredients)* - to help improve the performance of return predictors, Qtron identifies conditioning variables. Qtron narrows economic inefficiencies to areas with the highest efficacy.

B) *Model Boosting (recipe)* – Qtron seeks to boost returns by emphasizing different predictive drivers for different types of stocks, thus correcting the misspecification of traditional one-size-fits-all models.

C) *Security Boosting (outliers)* – Qtron aims to correct misspecifications of the model by identifying its blind spots. It is particularly important for large capitalization stocks wherein markets are quite efficient and the model efficacy is not as strong.

#### **2) Payoff Timing and Investment Latencies**

While many managers apply predictive factors to a predetermined forecast horizon, Qtron asks further questions - when to harvest the alpha? And what are the potential triggers for a payoff? Additionally, Qtron seeks to exploit database latencies and managers' predictable behavior created by a scheduled delivery of data by data aggregators.

### 3) Market Neutralizer

Qtron recognizes the importance of non-linearity in risk factors. It is equally important to control both the level of risk and its distribution. In addition, Qtron monitors ‘thematic risk events’ (macro, geo-political, secular trends, etc.) and recognize when and how to adjust exposures of the model. It enables us to help reduce the unnecessary turnover and helps to avoid external shocks to the portfolio.

### 4) Data Acquisition and Cutting-Edge Technology

Qtron acquires structured and unstructured data, strive to know the data and obtain an informational advantage. Qtron integrates data across sources and form a wide informational network.

Please refer to Item 8 for a discussion of Qtron’s equity investment strategies and certain material risks related to such strategies.

### ***Separately Managed Accounts, Sub-Advisory Clients, and Pooled Investment Funds***

Prospective clients may, depending on their desired investment strategy, generally choose to have a separately managed account / sub-advisory relationship or invest through pooled investment funds for which Qtron is the investment adviser, each as more fully described below.

*Separately Managed Accounts & Sub-Advisory Clients.* A separately managed account is a client-specific portfolio individually managed according to one or more of Qtron’s offered equity investment strategies. Similarly, certain investment manager clients may elect for Qtron to manage a portion of their portfolios (“sub-advisory”). Such clients typically grant Qtron discretionary authority to manage and invest client assets allocated to the account, subject to the client’s stated investment objective and investment guidelines. Each account is subject to the terms of an investment management agreement or other similar agreement between Qtron and the client. While Qtron generally does not tailor its advisory services to the individual needs of its clients, clients may impose restrictions on investing in certain securities (or types of securities) or other limitations. Please refer to Item 16 for more information regarding investment discretion over client accounts.

*Pooled Investment Funds.* Qtron is the investment adviser to two pooled investment funds, the Qtron Stock Booster Equity Fund LP and the Qtron Stock Booster Equity Long-Short Fund LP (referred to as the “Funds”). Each Fund is managed according to its investment strategy and designed to take into consideration the domicile and certain tax and/or regulatory characteristics of the limited partners. The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

## **Item 5 - Fees and Compensation**

### ***Advisory Fees***

Advisory fees for separate accounts may be structured as asset-based fees and/or as performance fees, depending on the client account. Asset-based fees (i.e. management fees) do not exceed 1.00 % annualized for any separate account. Qtron

generally invoices advisory fees on separate accounts quarterly in arrears. However, certain advisory fees may be charged in arrears (generally not to exceed one quarter) of investment advisory services performed if requested by the client. Qtron does not instruct clients or their custodians, trustees, administrators or other similar service providers to deduct advisory fees from its client accounts.

While advisory fees are generally negotiable for separate accounts, in the Funds, each limited partner will be charged its share of the management fee, which will be calculated based on the balance in such limited partner's capital account, determined as of the beginning of each calendar quarter and computed prior to the accrual of any applicable performance allocation during a calendar year, in an amount equal to 0.125% (0.50% annualized). The capital account of a limited partner admitted to the Partnerships other than on the first day of a calendar quarter or of a limited partner that makes an additional capital contribution on a day other than the first day of a calendar quarter will be subject to a pro rata portion of the management fee paid for such quarter. The Adviser may waive, reduce or rebate the management fee payable with respect to the capital accounts of certain limited partners, including, without limitation, affiliates, managers, members, employees or officers of the General Partner and/or the Adviser; provided that no such waiver, reduction or rebate shall adversely affect any of the other limited partners or cause any of them to bear a greater portion of the management fee than they would bear absent such waiver, reduction or rebate. The management fee shall be an expense of the partnerships in determining net operating profit and net operating loss, which expense shall be debited against the capital accounts of the limited partners. For performance reporting purposes, the management fee paid in advance will be amortized in three monthly installments.

The capital accounts of the limited partners of the Qtron Stock Booster Equity Long-Short Fund with a long-short strategy (described in further detail in Item 8 below) are subject to a performance fee at the close of the annual valuation period on December 31 of each calendar year. The General Partner shall generally be allocated twenty percent (20%) of each capital account's aggregate net increase, if any, for the year over any aggregate unrecovered balance remaining from prior valuation periods. This high-water mark provision is such that performance fees are triggered only when the capital account balance at the close of the valuation period is higher than that of any previous valuation period.

### ***Other Fee Arrangements***

Qtron, from time to time, negotiates special fee arrangements with clients, including performance-based fee arrangements meeting the requirements of Rule 205-3 under the Advisers Act. Please refer to Item 6 below for additional information regarding performance fees.

### ***Third Party Fees and Expenses***

#### **A) Stock Booster Equity Funds**

Organizational costs of the Funds and the costs incurred in connection with the initial issuance of the interests in the Funds, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses, will be paid by the Funds. Such expenses, to the extent the General Partner deems appropriate, may be, for accounting purposes, amortized by the Funds for up to a 60-month period. Amortization of such expenses over a period that is up to 60 months is a divergence from U.S. generally accepted accounting principles (GAAP), which may, in certain circumstances, result in a qualification of the Funds' annual audited financial statements.

The Funds will pay, whether directly or through reimbursement of the General Partner or one of its affiliates, all costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, data fees, clearing and settlement charges, trade break fees, research and brokerage products and services that fall within Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), legal fees and other expenses in connection with conducting due diligence and negotiating the terms of investments (including investment-related travel expenses), regardless of whether such investments are consummated, custodial fees, administrator fees and expenses, third party valuation services, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal expenses, audit and tax preparation expenses, accounting fees, insurance expenses including costs of any liability insurance obtained on behalf of the Partnerships or officers' and directors' insurance, indemnification expenses, government and regulatory costs and expenses (including filing and license fees and preparation and submission of filings and licenses) in connection with specific investments or offering interests in the Partnerships, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes and fees, costs of reporting and providing information to Partners (including updates to offering documents), and costs of litigation or investigation involving Partnership activities, and any extraordinary expenses. Expenses are generally shared by all of the Partners, while expenses related to one or more particular Series or classes of Interests will be allocated accordingly by the General Partner.

A portion of the Partnerships' operating expenses may be shared with other investment entities or separate accounts managed by the General Partner or its affiliates on an equitable basis and the Partnerships may likewise share a pro rata portion of the operating expenses of such other investment entities and separate accounts.

The General Partner and the Adviser will be responsible for their own normal and recurring operating expenses and overhead costs incurred in connection with the investment and other management services that they will provide to the Partnerships, including marketing expenses and travel expenses (other than investment related travel expenses), except that research and brokerage products and services expenses incurred by the General Partner and/or Adviser may be paid for through the permitted use of soft dollars.

Notwithstanding any other provision of the Partnership Agreements, the General Partner or one of its affiliates (including the Investment Adviser) may elect, from time to time, to pay certain of the Partnerships' expenses, including, but not limited to, organizational and other operating expenses and may or may not seek reimbursement for such expenses.

## **B) Separately Managed Accounts and Sub-Advisory Clients**

In addition to paying investment management fees and/or performance-based compensation to the Adviser, the clients with separate managed accounts as well as sub-advisory clients typically pay all of their own operating and investment expenses including, but not limited to: fees and expenses of any advisers and consultants to the client; external legal, auditing, accounting, administration, tax return preparation and other professional fees and expenses; fees and expenses of a client's general partner or directors, as applicable, including the costs associated with meetings; fees and expenses of the client's administrator and depository, if applicable; taxes, fees and governmental charges or filing fees; fees and expenses of prime brokers, dealers, custodians, sub-custodians, transfer agents and registrars, expenses of registering and qualifying securities and other investments, brokerage commissions and dealer collateral and other fees, charges,

payments and expenses and other costs of trading, acquiring, monitoring or disposing of any investments of a client; fees and expenses of any third party research, data, recommendations and/or services used by the Adviser in its investment decision-making process, fees and expenses of valuation and/or pricing services and software; interest expenses; expenses of preparing and distributing reports, financial statements and notices to investors in the client; litigation and other extraordinary expenses; certain insurance expenses; and other expenses as may be detailed in the client's investment management agreement or other governing document, as applicable.

### ***Additional Compensation***

Qtron and its personnel neither seek nor accept third party compensation, including sales charges and service fees, from any person for the sale of securities or other investment products.

### ***Minimum Account Sizes***

While minimum account sizes for each investment strategy managed as a separate account are generally negotiable, the typical minimum account size for a separate account is U.S. \$25 million.

The minimum investment amount for each Stock Booster Equity Fund is U.S. \$50,000.

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

Qtron's advisory fees are typically calculated as a percentage of assets as more fully described above in Item 5. Qtron, from time to time, may enter into performance-based fee arrangements with qualified clients meeting the requirements of Rule 205-3 under the Advisers Act. Such arrangements will be negotiated on a case-by-case basis with the particular client. While such arrangements will vary from client to client, they typically will provide for a base fee based on the market value of the applicable client account at specified periods, plus a performance fee based on the portfolio return over an agreed-upon trailing period which may be relative to a designated benchmark or customized index return.

Performance-based fees paid to investment advisers may be higher than the asset-based fees. Accordingly, performance-based fee arrangements create an incentive for Qtron to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. However, Qtron's investment processes and operational procedures are designed and implemented, in part, to ensure that all clients are treated in a fair and equitable manner over time, including with respect to the allocation of investment opportunities. For more information about the investment process, please refer to Item 8. For more information about other potential conflicts, please refer to Item 11.

## **Item 7 - Types of Clients**

Qtron intends to provide investment advisory services to a global client base. Qtron's clients may therefore consist of a broad range of institutional clients, including corporate pension and profit-sharing plans, charitable institutions,



foundations, endowments, state and municipal government entities, sovereign wealth funds, U.S. private funds and registered funds (such as U.S. registered investment companies), non-U.S. private funds and registered funds (such as UCITS and non-UCITS), insurance companies and other U.S. and non-U.S. institutions. Please refer to Item 5 for information relating to minimum investment amounts for purposes of establishing a separately managed account or for investing in Stock Booster Equity Funds.

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

### ***Investment Process and Strategies***

Qtron offers investors a select range of global equity investment strategies. Investing in these strategies involves a risk of loss of capital as markets can be volatile and can go down. Risks relating to Qtron's equity investment strategies are more fully described below in this Item 8.

The Adviser utilizes a variety of processes and strategies to make investment decisions. The Adviser primarily combines quantitative investment strategies with proprietary tools and techniques to construct the respective portfolios of the clients' investment vehicles. The Adviser integrates data, computing power and portfolio and risk management skills to attempt to systematically extract alpha.

Qtron uses the same general investment process for each of its equity strategies, varying the characteristics according to client benchmark preferences, restrictions, investment objectives, and investment guidelines. Qtron manages diversified equity portfolios rather than recommending any particular type of security. The Adviser provides the following overall equity investment strategies to clients through the Stock Booster Equity Funds and separate accounts.

**Global Equity Long-Only** – This strategy is designed for investors who require consistent excess returns, while they are mindful of short-term risks. It is benchmarked to publicly provided Large or Small Cap indices, such as the MSCI World Index, the MSCI World Small Cap Index or the S&P Developed BMI. Tracking error will fluctuate depending on market correlations. The strategy is well diversified.

**Global Equity with Long-Short Extension** – For investors who are comfortable with higher risk targets, Qtron builds long-short extensions of the above-described global strategy. Leverage may vary from twenty percent to an absolute return version. Portfolios are expected to achieve higher information ratios; in addition to the long-only construct, they are designed to exploit inefficiencies that are often present only on the short side.

**Emerging Market Equity Long-Only** – This strategy is benchmarked to the MSCI EM index or the S&P Emerging BMI. Despite frequent volatility in emerging markets, Qtron developed this strategy with a consistent outperformance in mind. Qtron focused on data quality and discovered a number of inefficiencies particularly evident in the Emerging Market space.

As mentioned in Item 4, Qtron also offers customizable solutions to fit the client's individual needs. Qtron exercises its delegated authority from clients by choosing which model(s) to utilize on behalf of each client and by adjusting or modifying various programmable settings in certain of such models in order to manage the clients in a manner consistent with each client's investment objectives, mandates, guidelines, risk parameters and constraints (each, a "Mandate" and,

collectively, the “Mandates”).

In connection with the implementation of these equity investment strategies, Qtron may effect transactions in derivatives pursuant to the terms customarily set forth in established legal frameworks such as the International Swaps and Derivatives Association form (ISDA Master Agreement) and the International Foreign Exchange Master Agreement form (IFEMA) or, where applicable, negotiated agreements with futures commission merchants or other financial intermediaries.

An investment in the Funds and Mandates managed by Qtron involves a significant degree of risk. There can be no assurance that a Fund’s or Mandate’s investment objectives will be achieved or there will be any return of capital. Past performance provides no assurance of future success. An investor should only invest in the Funds and Mandates if the investor can withstand a total loss of its investment. The risks associated with a particular Fund are detailed in each Fund’s offering documents.

**At any time, Qtron may add strategies, remove strategies, or modify any of the strategies it employs and this includes any of the strategies discussed above.**

### ***Risks Associated with Business Operations***

#### *Reliance on Management of the Investment Adviser*

The Funds and Mandates are dependent on the activities of the key persons at the General Partner (as applicable) and Qtron. Should one or more of the key persons become incapacitated or in some way cease to participate in a Fund or Mandate, their performance could be adversely affected. No assurances can be given that each of Qtron’s principals will continue to be affiliated with the Adviser. Notwithstanding any prior experience that members of the General Partner or Qtron may have in making investments of the type expected to be made by the Funds and Mandates, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the personnel of Qtron will be able to duplicate prior levels of success.

#### *Limited Operating History*

Qtron has limited operating history on which investors can evaluate the potential performance of the Funds and Mandates. There can be no assurance that Qtron will be able to successfully identify opportunities through its investment in the Funds and Mandates that will be appropriate for the Funds’ and Mandates’ investment objectives or that it will be able to achieve or sustain profitability.

#### *Risks Associated with Misconduct of Employees and of Third Party Service Providers*

Misconduct by an employee or by a third-party service provider that Qtron utilizes could cause significant losses to a client account. Employee misconduct may include binding a client account to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by a third-party service provider, including, without limitation, failing to record transactions or improperly performing other administrative responsibilities. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm. Although Qtron has adopted measures reasonably designed to prevent and detect

employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

#### *Risks Associated With Information Technology, System Events, and Cybersecurity*

Qtron relies on computer programs to evaluate certain securities and other investments, to monitor each client's portfolio, to trade, clear and settle securities transactions, and to generate portfolio, risk management and other reports that are utilized in the oversight of each client's activities. In addition, certain of Qtron's operations will interface with or depend on systems operated by third parties which may not be possible to monitor. Any or all of these programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by coding errors, computer viruses, and power failures. Such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability to monitor investment portfolio and risk. Any such defect or failure could cause a client account to suffer financial loss, the disruption of business, liability to third parties, regulatory intervention or reputational damage.

Further, operations may be prone to operational and information security risks resulting from cyber-attacks, despite efforts (and the efforts of service providers) to adopt technologies, processes and practices intended to mitigate these risks and protect the security of Qtron's computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting the Firm's data, a service provider's data, or data of Qtron's clients, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and otherwise causing operational disruption. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Qtron's or a service provider's systems to disclose sensitive information in order to gain access to confidential information. Successful cyber-attacks against or security breakdowns of Qtron, a custodian, or another third-party service provider may adversely affect clients. For instance, cyber-attacks may cause the release of a client's information, impede trading, expose assets to theft or embezzlement, cause reputational damage, cause the inability to access electronic systems, or cause physical damage to a computer or network system or costs associated with system repairs. While Qtron has established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities purchased, which could result in material adverse consequences for such issuers, and may cause a client's investment in such securities to lose value.

#### *Tax Laws and Foreign Investor Considerations*

Qtron's investment process and client account management procedures do not consider the tax attributes or characteristics of its clients or of the underlying portfolio of assets in the clients' accounts. For example, a client account generally will be managed without regard to any state, federal or provincial tax implications to clients, including withholding tax, capital gains taxes, cross-border taxes, transfer, stamp or other duty taxes. There can be no assurance that the Funds and Mandates will be tax-efficient for any particular investor or that any particular tax result will be achieved. Furthermore, in general, tax laws, rules and procedures are extremely complex and are subject to change, which in some cases may have retroactive effect. Prospective investors are urged to consult with their tax advisors for further

information about the tax consequences of purchasing an interest in the Funds and Mandates.

### *Regulatory and Legal Risks*

It is impossible to predict what, if any, changes in regulation or adverse legal proceedings will be applicable to Qtron, the Funds and strategies, portfolio companies and the markets in which they trade or invest. The effect of any future regulatory change or legal proceeding could be substantial and adverse. Investors should understand that the Funds' and strategies' business is dynamic and is expected to change over time. Therefore, Qtron and the Funds, and strategies may be subject to new or additional regulatory constraints or adverse legal proceedings in the future.

### *Market Interruptions & Disease Outbreaks*

Global economic or local market interruptions, including those caused by disease outbreaks, may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a local outbreak or global pandemic, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

### *Risks Related to Qtron's Investment Strategies*

Qtron equity investment strategies involve the risks of investing in equities and currencies globally. In addition, long/short strategies involve the risk of shorting equities and leverage. Clients and prospective clients should be aware of, among others, the following material risks associated with Qtron's strategies:

*Investment Risk.* Qtron's investment approach (which is more fully described above) involves establishing a diversified equity portfolio for each client, taking into consideration the underlying mandate terms, including any investment guidelines provided by the client. There can be no assurance that a client's specific investment objectives will be achieved or that income or profits will be guaranteed.

As noted above, Qtron's investment process incorporates varying client benchmark preferences, restrictions, investment objectives and investment guidelines. This may result in investment positions or actions taken for one client account which differ or directly contradict those taken for another client account. For example, one client account may take a short position in an investment that is at that time owned or being purchased by another client account, or Qtron may purchase shares of preferred stock of an issuer for one client account while at the same time purchasing common stock of the same issuer for another client account. These positions and actions may adversely affect or benefit different clients at different times.

*Modeling Risk.* Qtron uses proprietary quantitative models in its investment process as described previously. While Qtron expects these models to perform as expected, deviation between model predictions and the actual events can result in

either no advantage or in results opposite to those desired by Qtron and its clients. In particular, these models may draw from historical data that may not predict future returns, volatilities, correlations or market performance adequately. In addition, market conditions may be such that they are outside of the confidence level employed by the models. There can be no assurances that the models behave as expected. Unexpected market turbulence or unanticipated extraneous events may also cause the actual results to fall outside of the range predicted from the models' forecasts. Further, an error in the coding of data or formulas within the models may be magnified by the model and may be difficult to detect. While Qtron employs controls designed to assure that its models are sound in their development and appropriately adapted, quantitative investment processes are known to have implementation errors, omissions, imperfections and malfunctions pertaining to factor design, model estimation, portfolio construction, code implementation and data integrity. These "system events" are an inherent risk of complex analytical models that rely on the "law of large numbers" and quantitative investment management processes that are powered by millions of programming lines. These errors may be extremely hard to detect in some cases and some errors may go undetected for long periods of time or not be detected at all. Even if detected, it may not be possible to quantify the error's effect on overall portfolio performance. Unlike fundamental investing, Qtron's portfolio construction is a factor within the models themselves. For example, a security bought or sold short based on a system event like a coding error in the model(s) could cause the omission of another undeterminable similar security or securities which might otherwise have taken its place. Furthermore, other positions might have been evaluated for selection under a different set of criteria based on the model's calculations at that specific point in real time – an environment that cannot be replicated. So while each position's enhancement or detracting within the overall portfolio performance is quantifiable, each also has unquantifiable levels of overall portfolio performance - a factor in the selection of each one is a factor in the selection of all others. Finally, Qtron will detect certain system events that it chooses, in its sole discretion, not to address or fix. Qtron believes that the testing and monitoring performed on its models will enable it to identify and address those system events by correcting the underlying issue(s) that caused them generally or in a particular application. Clients should assume that system events and their ensuing risks and impact are an inherent part of investing with a process-driven, systematic investment manager such as Qtron. Accordingly, Qtron does not expect to disclose discovered system events to the client. The client will bear the risks associated with the reliance on models and data including all losses related to system events unless otherwise determined by Qtron in accordance with its internal policies or as may be required by applicable law.

*Non-diversification Risk.* Non-diversified portfolios are exposed to additional market risk. If the client's Mandate allows, Qtron can invest a relatively high percentage of client assets in a particular sector or country/region. This will likely result in a client's account with these characteristics being more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which the account invests. Any of these could have a negative effect on the performance and management of a client's account.

*Risks of Investments in Non-U.S. Securities.* Qtron invests in securities of non-U.S. issuers, securities traded principally in securities markets outside the U.S. and/or securities denominated in non-U.S. currencies. Such investments involve certain special risks due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend, interest, or other payments, imposition of financial

transaction taxes, imposition of required holding periods, trade-date settlement requirements, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, non-U.S. issuers are subject to different, often less comprehensive, accounting, reporting, and disclosure requirements than U.S. issuers. The securities of some non-U.S. companies and non-Securities markets are less liquid and at times more volatile than securities of comparable U.S. companies and U.S. securities markets. Non-U.S. brokerage commissions and other fees are also generally higher than in the United States. All of these risks and costs will be exacerbated to the extent Qtron makes investments in securities issued by companies in emerging and frontier market countries. Risks relating to investing in emerging and frontier markets are more fully discussed below.

*Emerging Market Risks.* Depending on the particular client mandate, Qtron may invest in emerging market countries. Emerging markets may be less liquid than more developed economies and markets. Moreover, certain emerging markets may impose restrictions that specifically impact liquidity, such as restrictions on buying and selling within the same trading day, which could impact the ability to sell securities at a given time and therefore impact the investment strategy. In addition, a given security may be listed on multiple exchanges in one or more emerging markets, but may lack access to one or more of such exchanges and such exchanges may not have coordinated trading hours and/or banking services. Where the client account has access to one such exchange in respect of a given security but not to another, the client account may be subject to the risk of price fluctuations in the security during the times when the exchange to which the client account has access is not trading but the other exchanges are trading.

Levels of volatility in price movements in emerging markets are often greater than those experienced in more developed economies and markets. In addition, reporting standards and market practices may not provide the same degree of information as would generally apply in more developed economies and markets and therefore may increase risk. In addition, an issuer in which a client account invests may default on payments to its holders, which would negatively impact the client account's performance.

The legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to investors as would generally apply in more developed markets. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed economies and markets. Likewise, the client account may experience tax risks around a lack of clarity or definition in respect of the payment of tax on dividends and/or capital gains income realized as a result of holding investments in an emerging market. Further, a client account's ownership rights, including the right to bring claims against an issuer, may be uncertain or otherwise limited.

The value of the assets of a client account could be affected by uncertainties, such as political developments, changes in government policies, taxation, currency repatriation and restrictions on foreign investment in some of the countries in which Qtron invests. For example, certain emerging markets may limit a single foreign client account's holding and/or all foreign client account holdings in securities of a listed company to a given percentage of the total issued shares. In such case, if the client account is a holder of such a security and these aggregate foreign holding limits are exceeded, the client account may need to sell shares of such security within a given timeframe in which optimal pricing may not be possible. Moreover, forced sale arrangements could be imposed by a regulator or sovereign, on terms that are not under the control or influence of the client account.

Qtron may invest in emerging markets where custodial and/or settlement systems are not fully developed. Further, the assets of a client account which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, will be exposed to risk in circumstances whereby the applicable client custodian will have no liability. Moreover, certain emerging markets may provide settlement procedures that differ materially from developed markets using delivery versus payment (DVP) trade settlement procedures. For example, some markets may require pre-funding of cash and securities to brokers to accommodate trade-date settlement requirements. Some brokers have developed settlement alternatives such as pre-trade checking of a given security such that such security must be transferred out of a custodial network in anticipation of a sale and held by a broker or clearing agent before the commencement of trading. In such cases there may be safekeeping risk relating to a broker's ability to instruct cash/securities out of the applicable custody account and the consequence of having cash/securities held outside of the custody network. In addition, these markets may experience increased settlement risk as a result of settlement occurring prior to the standard trade reconciliation process.

*Currency Risk.* Qtron invests in assets that are denominated in currencies other than the applicable base currency of the client account. Accordingly, the value of the assets in the client account will be affected favorably or unfavorably by fluctuations in the rates of the different currencies. Depending on the particular client mandate, Qtron may engage in currency transactions either on a spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or by entering into forward foreign currency exchange contracts to purchase or sell currencies as agent for clients. Certain accounts allow for enhanced currency management (referred to as an "active strategy") where the forward foreign currency exchange contracts are generally used to invest in currencies in the portfolio's benchmark and opportunistically in currencies outside the portfolio's benchmark to manage the currency exposure of the portfolio relative to the benchmark within certain bounds and may result in net short currency exposures. For example, the currency exposure of the portfolio may be managed using forward foreign currency exchange contracts to be within +/-15% of the benchmark currency exposures on a currency by currency basis. Other accounts may only allow for forward foreign currency exchange contracts to be used to manage the currency exposure of the portfolio such that the portfolio is fully hedged relative to the benchmark (referred to as a "passive strategy"). In passive strategies, the offset from any unhedged equity positions lies in the U.S. dollar currency exposure. Forward foreign currency exchange contracts are performed against the U.S. dollar and may be entered into in anticipation of equity trades to be executed in the near future as part of the portfolio's trading program. Currency exposures in certain markets are not hedged due to liquidity, transaction costs or other prohibitive conditions. The particular currency to which a security is exposed is determined using Qtron's proprietary models.

In entering a forward foreign currency exchange contract, clients are exposed to the creditworthiness and good faith of the counterparty. Spot and forward contracts involve the risk that anticipated currency movements will not be accurately predicted which may result in unlimited losses. Using forward foreign currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities. Forward foreign currency exchange contracts simply establish a rate of exchange that can be achieved at some future point in time. Positions in underlying securities, coupled with an unanticipated increase in the value of the relevant currency, could expose a portfolio even if fully or partially hedged relative to its benchmark to unlimited losses.

*Counterparty, Execution and Settlement Risks.* Clients will be exposed to the credit risk of parties with whom they trade and will also bear the risk of settlement default by any such counterparty. In addition, market practices in relation to the settlement of transactions and the custody of assets could result in increased risks. Please also note, in particular, the risks around settlement that may be present in emerging markets. For additional information, please see "Emerging Market Risks" above.

*Substantial Redemptions Risk.* If there are substantial redemptions by a client with respect to an account within a limited period of time, sufficient liquidity may not be available to meet such redemption requests without liquidating positions prematurely at an inappropriate time or on unfavorable terms.

*Risks Associated with Investment in Other Collective Investment Schemes and Pooled Investment Funds.* Depending on the particular client mandate, Qtron may invest client accounts in one or more third party collective investment schemes or other pooled funds, including exchanged traded funds. The level of protection such collective investment scheme provides will vary by jurisdiction. In addition, the underlying collective investment vehicle may impose a restriction on the withdrawal of its shares in circumstances where the withdrawal requests it receives exceed a certain threshold or percentage of its shares in issue on a particular date. The imposition of such a restriction by the underlying collective investment vehicle will also affect a client account's ability to realize its investment in that scheme in a timely manner. As a shareholder of a collective investment scheme or pooled fund, a client account will bear its pro rata portion of the expenses of such collective investment scheme or vehicle, including management and/or other fees. These fees will be in addition to the advisory fees paid to Qtron and other fees and expenses which the client account bears directly in its account.

*Risks Associated with Restricted and Illiquid Securities.* Qtron may invest in securities that are, or may in the future become, restricted or illiquid. Any securities that are thinly traded or whose resale is restricted can be difficult to sell at a desired time and price. Some of these securities may be new and complex and traded only among institutions. The markets for these securities are still developing and sometimes do not function as efficiently as established markets. In addition, an account's holdings in securities or other instruments for which the relevant market is or becomes less liquid are more susceptible to loss of value. Less liquid instruments also may fall more in price than other instruments during periods when markets decline generally.

*Risk Associated with Valuation.* Qtron will generally use market quotations to value portfolio securities if market quotations are readily available. Otherwise, securities and assets in a client's portfolio are valued at their "fair value," which is determined in good faith by the Adviser. If Qtron's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in the Funds might receive an interest that is worth less than the investor paid, and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.

*Risks Associated with Financial Derivative Instruments.* Financial derivative instruments involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. Depending on the particular client mandate, Qtron may enter into transactions in over-the-counter (OTC) markets that expose a client account to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where a particular client account employs



derivative contracts, such account will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of counterparty, the client account could experience delays in liquidating the position and may incur significant losses. Derivative transactions are also subject to unexpected termination, such as for bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice and where agreed with the applicable counterparty, an account may net exposures on a counterparty by counterparty basis.

Furthermore, risks associated with counterparties may be further complicated by recently enacted U.S. and non-U.S. financial reform legislation which includes provisions for new clearing, execution, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies. The U.S. government has adopted mandatory minimum margin requirements for bilateral derivatives. Similar requirements are expected to be adopted by the European Union. Such requirements could increase the amount of margin required to be provided by a client in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive. The ultimate impact of these regulatory changes remains unclear. Also, the new legislation may limit the flexibility of a client to protect its interests in the event of an insolvency of a derivatives counterparty because of powers granted to clearinghouses and to the Federal Deposit Insurance Corporation to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

Since many financial derivative instruments have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain financial derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights could involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been effected. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. There can be no assurance, however, that a liquid market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the use of derivative techniques for a particular client account may not always be an effective means of, and sometimes could be counter-productive to, the client's investment objective. An adverse price movement in a derivative position could require cash payments of variation margin by the particular client account that might in turn require, if there is insufficient cash available in the portfolio, the sale of the client account's investments under disadvantageous conditions. Also, there are legal risks involved in using financial derivative instruments that could result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a portfolio.

*Risk Associated with Futures, Forwards and Options.* Depending on the particular client mandate, Qtron may from time to

time utilize both exchange-traded and over-the-counter futures, forwards and options as part of its investment policy. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract could result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the counter derivatives involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk.

*Risks Associated with Participation Notes and Other Equity-Linked Instruments.* Depending on the particular client mandate, Qtron may use participation notes (including other equity-linked notes and instruments) to gain exposure to issuers in certain markets, including frontier markets. Participation notes and other equity-linked notes and instruments may be traded over-the-counter and typically constitute general unsecured contractual obligations of the banks or broker dealers that issue them. The process often involves a bank or broker-dealer buying securities listed on a non-U.S. exchange and then issuing a participation note linked to the performance of those securities. The performance results of participation notes will not exactly replicate the performance of the securities that the notes seek to replicate due to transaction costs and other expenses (although the return on a participation note that is linked to a particular security generally is increased to the extent of any dividends paid in connection with the security).

Participation notes may present similar risks to investing directly in the underlying security; however, participation notes also entail many of the risks of over-the-counter derivatives, including the risk that the counterparty or issuer of the participation note may not be able to fulfill its contractual obligations and the potential for delays in liquidating the position in circumstances involving the bankruptcy or insolvency of a counterparty, which may result in an account incurring significant losses as a result. The risk that a client account loses its investments due to the insolvency of counterparty may be amplified to the extent that a client account purchases participation notes issued by as few as one issuer.

In addition, the holder of a participation note typically does not receive voting rights in the underlying/linked security. Moreover, there is no guarantee that a liquid market will exist generally for a participation note or that the issuer or counterparty of the participation note will be willing to repurchase such instrument when a client account wishes to sell it. For more information, please see "Risks Associated with Financial Derivative Instruments" above.

*Risks Associated with Depositary Receipts.* Qtron may purchase sponsored or unsponsored American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts (collectively, "Depositary Receipts"), typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depositary Receipts in registered form are designed for use in the U.S. securities market and Depositary Receipts in bearer form are designed for use in securities markets outside the U.S. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depositary Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in

the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities' underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depositary Receipts.

*Risks Associated with Other Instruments and Future Developments.* Depending on the particular Mandate, Qtron may take advantage of opportunities with respect to "synthetic" or derivative instruments that are not presently contemplated or are currently not available, but which may be developed to the extent such opportunities are both consistent with a client's investment objective and legally permissible. Special risks may apply to such investments in the future.

*Risks Associated with Highly Volatile Markets.* The prices of derivative instruments are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which a client account is invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those markets in currencies and interest rate related futures and options. Such intervention often is intended to directly influence prices and may, together with other factors, cause those markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

*Risks Associated with Small Sized Companies.* Investments in companies with relatively small market capitalizations generally involve greater risk and price volatility than investments in larger, more established companies because small capitalization companies tend to have younger and more limited product lines, markets and financial resources and may be dependent on a smaller management group than large capitalization companies. In addition, the equity securities of such companies are typically less liquid than larger capitalization companies. As a result, certain securities may be difficult or impossible to sell at the time and the price desired. A client account may have to lower the price, sell other securities instead or forego an investment opportunity. Any of these could have a negative effect on the management or performance of a client account investing in small capitalization companies.

*Risks Associated with Hedging Transactions.* Depending on the particular mandate, Qtron may not be required to hedge portfolio positions or may not anticipate a particular risk so as to hedge against it. Furthermore, Qtron may utilize a variety of financial instruments (including derivatives), both for investment return enhancement purposes and for risk control purposes in order to:

- protect against possible changes in the market value of an investment portfolio resulting from fluctuations in the securities markets and changes in interest rates;
- protect the unrealized gains in the value of an investment portfolio;
- facilitate the sale of any such investments;
- enhance or preserve returns, spreads or gains on any investment in an investment portfolio;
- hedge the interest rate or currency exchange rate on any of an investment portfolio's liabilities or assets;

protect against any increase in the price of any securities Qtron anticipates purchasing at a later date; and/or for any other reason that Qtron deems appropriate.

The success of a hedging strategy is subject to basis risk, the ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of an ongoing hedge is also subject to the continual recalculation, adjustment, and execution of hedges in an efficient and timely manner. While Qtron may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if the portfolio had not engaged in any such hedging transactions. For a variety of reasons, Qtron may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an account from achieving the intended hedge or expose an account to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of an account's portfolio holdings.

*Portfolio Turnover Risk.* Depending on the particular Mandate, a limit on the rate of portfolio turnover may or may not be established. Portfolio securities may be sold without regard to the time they have been held. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce investment gains, or create a loss for clients and may result in increased tax costs for clients depending on the tax provisions applicable to such clients. The after-tax impact of portfolio turnover is not considered when making investment decisions for a client.

*Performance Fee Risk.* Depending on the particular Mandate, Qtron may receive a performance fee that is calculated with regard to unrealized gains as well as realized gains. Therefore, a performance fee may be paid on unrealized gains which may subsequently never be realized by the client account. A performance fee may incentivize investments outside risk parameters that would be effective in the absence of compensation based solely on realized gains.

The computations required to be made for purposes of computing a performance fee may be made separately with respect to separate contributions to or redemptions from a client account, to reflect appropriately the different times at which contributions or redemptions were made and the net asset value of the client account at such times. As a result, a performance fee may be paid with respect to a specific contribution from a client even if no performance fee would have been paid had all of such client's contributions been aggregated.

### ***Additional Risks Applicable to Long/Short Equity Strategies***

*Risks Associated with Short Sales.* Certain client mandates may require short selling of securities. Short selling involves distinct investment risks and transaction costs. A client's potential loss from an uncovered short position in an equity security is unlimited. Short positions may not be able to be re-purchased ("covered") immediately or at the desired price. The use of short sales increases the market exposure of a client's account and allows the client to leverage its portfolio. Such leverage will exaggerate the effect of any increase or decrease in the value of the account's assets and, therefore, may increase the volatility of the client's account. The transaction costs associated with short sales may exceed the income received through short sales. There can be no assurance that Qtron will be able to leverage investments through short sales effectively.

Many non-U.S. jurisdictions where an account may trade have adopted reporting requirements. If an account's short positions or its strategy become generally known, it could have a significant adverse effect on the portfolio. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by a client forcing such client to cover its positions at a loss.

If other investors engage in copycat behavior by taking positions in the same issuers as a client, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to such client could decrease drastically. Such events could materially reduce the effectiveness of investment strategy. The SEC has adopted restrictions on the short sale of securities which fall more than 10 percent (10%) in a given day (referred to as the "circuit breaker" or "modified uptick rule"). Furthermore, various exchanges have adopted additional mechanisms designed to address extraordinary volatility in U.S. securities markets. These, and similar regulations, may have an effect on a client's ability to engage in short sales in certain circumstances.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases have adopted) bans on short sales of certain securities in response to market events. Bans on short selling may make restrict the ability to execute certain investment strategies and may have a material adverse effect on the portfolio and its performance and investment objectives. In addition, short selling may increase regulatory risk for Qtron and its portfolios.

*Risks Associated with Leverage.* A client mandate that utilizes short sales will be leveraged. The use of leverage creates special risks and may significantly increase a client's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase a client's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated with such leverage can cause the value of a client's account to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of a client's account can decrease more rapidly than would otherwise be the case.

## **Item 9 - Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Qtron's investment advisory business or the integrity its management.

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

### ***Broker, Dealer, Commodity Registrations***

Neither Qtron nor any of its personnel are registered (or have a registration application pending) as:

- a broker-dealer;

- a registered representative of a broker dealer;

- a futures commission merchant;

- or an associated person of a futures commission merchant

### ***Other Material Relationships***

Qtron serves as investment adviser to the Funds and the members of Qtron LLC, the General Partner to the Funds, serve as the Board of Directors for both Funds.

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

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

Qtron maintains a Code of Ethics that establishes fundamental principles of conduct and professionalism expected by Qtron personnel in discharging their duties. The Code of Ethics requires that Qtron personnel must at all times act in good faith in accordance with the law and place client interests first, avoiding actual and apparent conflicts of interest between personal and client matters.

Qtron seeks to foster a reputation of integrity and professionalism. The confidence and trust placed in Qtron by clients must be valued and protected by all personnel. Qtron personnel must acknowledge they have read and agreed to the Code of Ethics upon hire and on an annual basis thereafter.

The Code of Ethics is designed to deter inappropriate behavior and promote honest and ethical conduct, including full, fair and accurate disclosure, compliance with applicable rules and regulations and reporting of Code of Ethics violations. Specifically, the Code of Ethics addresses, among other things:

- nondisclosure of confidential information (including client information);

- compliance with applicable law and regulations;

- prohibition on insider trading;

- explanation of fiduciary obligations;

explanation of conflicts of interest;

additional responsibilities for investment personnel including compliance with the CFA Institute's Code of Ethics;

restrictions and prohibitions relating to the giving and receiving of gifts and other inducements;

ban on personal security trading subject to certain exceptions described below;

duty to report, and accountability for, violations of the Code of Ethics

A copy of the Code of Ethics is available to any client or prospective client upon request.

### ***Purchase of Securities for Own Account***

Qtron does not purchase or sell securities for its own account that it also recommends to, or purchases for, its clients, with the exception that the General Partner in the Stock Booster Equity Funds. The founders have invested a nominal amount in each of the Stock Booster Equity Funds. When applicable, Qtron LLC will receive a performance fee in the form of an incentive re-allocation from the capital accounts of the limited partners in the Qtron Stock Booster Equity Long-Short Fund, LP. In a year in which a performance fee is generated (as described in Item 5), this allocation may remain invested in the fund or withdrawn in part or in whole at the General Partner's discretion.

Qtron personnel and its affiliates may generally not enter into any transactions for their own account as there is a "no personal trading policy" at the Investment Adviser, subject to certain exceptions such as the purchase or sale of Broad Based Index Exchange Traded Funds.

Qtron provides investment advisory services to institutional clients and the Funds. Qtron may give advice and take action with respect to certain client accounts which might differ from the advice made or recommended or actions taken with respect to other client accounts even though the investment objectives of such client accounts may be the same or similar. Qtron is not obligated to purchase or sell, or to recommend for purchase or sale, for a client account any security which it may purchase or sell for the Funds or for the account of any other client.

### ***Aggregation of Trades and Trade Allocation***

Qtron typically aggregates orders where possible, subject to certain restrictions. Please refer to Item 12 for additional information about Qtron's trade aggregation and allocation policies.

## **Item 12 - Brokerage Practices**

### ***Broker and Counterparty Selection and Best Execution***

Qtron selects brokers, dealers and counterparties in accordance with the terms of its best execution policy, as may be in effect from time to time. Qtron's best execution policy acknowledges its fiduciary responsibility to take prudent steps to ensure that best execution is obtained on behalf of its clients in connection with the purchase and sale of securities for client accounts. Qtron's determination of best execution is not based necessarily on lowest commission rates (or other direct costs) but more broadly on whether the transactions as a whole represent the best qualitative and quantitative execution for the account.

*Broker-Dealer Selection.* The Trading and Investment Practices Committee performs extensive due diligence regarding broker-dealer selection, usage, monitoring and evaluation by considering the full range and quality of a broker-dealer's services. These considerations include:

- execution capability, reliability and familiarity with specific markets

- integrity

- current and historical responsiveness

- historical effectiveness in executing orders

- commission rates

- financial condition

- execution research services

- operational capabilities

- potential ability to handle high volume transactions

- technology infrastructure

Each broker-dealer is required to acknowledge acceptance of the specific process by which trades will be communicated to them and the parameters established for trading. This communication includes, among other items, a list of persons authorized to communicate trades and the format of trade communication.

*Monitoring.* Post-trade analysis consists of analyzing execution data, charts, graphs, and narrative discussions on the costs of implementing the trading strategies by the portfolio management team. These post-trade analytics allow portfolio managers and other investment personnel to monitor broker-dealer performance against various execution benchmarks. These analyses consider topics such as how the trading strategies performed during the prior period, overall trading costs in various markets, the costs associated with the delay in getting trades to the markets and the ability of broker-dealers used to execute trades while minimizing market impact. These analyses are discussed at the quarterly review meetings of the Trading and Investment Practices Committee.

There may be instances where trading may be limited to the use of a single broker or comparatively fewer brokers than typical utilized. These include circumstances where a client has imposed certain broker restrictions (or explicitly directed the use of certain brokers in trading the applicable account), restrictions imposed by local market rules or custom, or applicable laws and regulations. Under these circumstances, there may be fewer eligible counterparties available for trading and best execution may be more difficult to achieve.

*Foreign Currency Trading through Clients' Custodians.* Qtron may trade certain currencies through custodians chosen by its clients to facilitate trade settlement or for cash management purposes. This limited usage of clients' custodians for trading such currencies is primarily due to country-level exchange controls that restrict, or preclude, cross-border currency movements and/or the custodian's ability to reduce operational risks associated with trading these currencies. In addition, Qtron might direct clients' custodians from time to time to sweep foreign currency balances that accumulate into U.S. dollars or other currencies as part of the cash management process.



In the situations described above, it is Qtron's expectation that currency trades placed with a client custodian will be executed pursuant to best execution standards as agreed between the client and custodian. Qtron does not, under these circumstances, have the ability to negotiate rates, fully evaluate the quality of execution, or achieve best execution under these circumstances.

*Exchange Traded Futures.* Subject to a client's investment guidelines, Qtron may trade exchange-traded equity index futures for client accounts. The process for selecting and monitoring executing brokers and futures commission merchants for futures transactions generally follows the same principles described above under "Broker Dealer Selection" and will be subject to similar monitoring reviews.

*Equity Trades and Commissions.* Trades are typically conducted through algorithms or trading desks. Rates are typically, but not always, negotiated at a country level and tend to be consistent across all brokers. It is conventional in non-U.S. markets to calculate commissions as a specified number of basis points relative to the price of the security being traded (i.e., as a percentage of the price), rather than as an absolute amount per share traded as is the normal practice in the United States. Qtron monitors market conditions and will re-negotiate the level and type of commission schedule if and when appropriate.

Qtron typically trades on regulated markets and trading venues (including OTC markets) on which the security subject to such trade is listed, registered or otherwise admitted to trading. In certain limited cases, securities may be purchased to sold to or from a dealer off-exchange or where the dealer is acting on a principal basis.

### ***Trade Aggregation and Allocation***

Qtron's investment process is designed to generate trade orders at the individual account level. Qtron generally aggregates and executes block orders where multiple client accounts are trading the same security on a given day, subject to certain exceptions and restrictions described further below. Where a block order is executed at multiple prices, the trade and its related transaction costs will generally be allocated pro rata across all participating client accounts based on the order size, i.e. each client will be allocated its portion of the trade at the ratio of their order size to the total block order size. Allocations may be further adjusted to meet minimum lot size requirements.

Exceptions to the pro rata basis for allocation will not be made to systematically favor one client account over another. Such exception cases may include, but are not limited to, requirements imposed by local market regulations; client restrictions against block trading; foreign exchange transactions executed for cash management purposes; broad-based market proxies such as equity index futures or index ETFs executed for cash equitization purposes; and varying levels of cash exposure in specific client accounts.

Qtron's portfolio management process generally results in periodic rebalances of client portfolios, and individual trades may be executed between rebalances for smaller adjustments to portfolio exposures. Client portfolios may therefore not all trade a security on the same day as other portfolios. Portfolio rebalances are reviewed quarterly to ensure any client portfolio is systematically advantaged over another.

### ***Directed Brokerage/Commission Recapture Arrangements***

"Directed brokerage" is defined as an arrangement whereby a broker-dealer agrees to pay client expenses in exchange for commissions. This contrasts with "commission recapture," which refers to a cash rebate on commissions paid. In both scenarios, the client is receiving benefits from commissions paid on its own trading activity. Under these arrangements, the investment advisers do not receive products, cash rebates or services. Instead, the advisers' clients receive the products, services and/or cash rebates generated by their commissions. Directed brokerage/commission recapture programs may cost clients more money because, among other things, such clients may pay higher commissions because it may not be possible to aggregate such trades with other orders to reduce transaction costs.

Qtron may, in limited circumstances, participate in client sponsored commission recapture or directed brokerage programs with respect to equity trading. Participation in such programs is typically subject to Qtron's best execution and trade allocation policies and does not take into consideration any arrangements that the client may have in place with broker-dealers. This means that Qtron retains full discretion with respect to its best execution policy and trades are first assigned to brokers based on these execution principles. It is only after this assignment has taken place and trade executions are completed that a subsequent review is performed to determine whether any trades are to be flagged as participants in a client's directed brokerage or commission recapture program. Accordingly, it is the client's responsibility to satisfy itself about the adequacy of these brokerage arrangements as a whole. Qtron is generally not able to accommodate requests to meet certain targets or goals with respect to such programs. Qtron seeks to follow its typical trade allocation policies with respect to clients that may be utilizing commission recapture or directed brokerage programs.

In the event Qtron does not retain full discretion with respect to the selection of brokers and execution of trades, its ability to achieve best execution will be mitigated and, in some extreme cases, eliminated.

### ***Step-Out Transactions***

A "step-out transaction" refers to a transfer of all or a portion of a broker-dealer's securities position to another broker-dealer, the transfer of which does not constitute a trade. In a step-out transaction, a block trade is placed with a broker with the instruction that the broker executes the entire transaction but "step out" a portion of the trade to be allocated to a different broker that has a directed brokerage arrangement with one or more clients of the adviser. The broker with the step-out arrangement receives the commission (or a portion of it) for the stepped-out portion of the trade. Qtron would not be privy to the commission sharing arrangements between the clients and the brokers. Qtron's policy is to select brokers based on their best execution policy outlined above prior to any decision to request a step-out transaction from the executing broker. Qtron generally does not engage in such transactions.

### ***Referrals***

Qtron's selected broker-dealers may from time to time also refer clients. The Adviser has no agreement to select brokers who refer clients and will not consider client referrals in selecting or recommending brokers or dealers for its clients.

### ***Soft Dollar Benefits***

Qtron currently does not have any agreements, commitments, or understandings to utilize “soft dollars”. Qtron may, however, in the future establish arrangements to receive research and brokerage services such as electronic trading, order routing, algorithmic trading, market data, and risk monitoring services from its broker-dealers or prime brokers. Qtron does not permit the use of soft dollar arrangements containing explicit commission or trading volume targets, and requires that any such arrangements do not result in materially higher commissions for its clients. Further, Qtron requires best execution from its broker-dealers, and will generally execute transactions with broker-dealers only if such firms can provide best executions. Prior to entering into such arrangement, Qtron requires approval from its Chief Compliance Officer to ensure consistency with sections 28(e) of the Exchange Act.

### **Item 13 - Review of Accounts**

Client accounts are reviewed on a regular basis by the portfolio management and compliance teams for risk exposures, conformity with a client’s investment policies and objectives, and for investment performance. Qtron’s operations team reviews portfolios daily to ensure compliance with client and regulatory investment restrictions. Qtron’s Investment Committee is responsible for monthly oversight to the portfolio review process.

Qtron’s operations team perform regular reconciliations is designed to identify differences between its internal trading records and client custodian or administrator official account records. Where data is available, Qtron will reconcile cash balances, security holdings, and portfolio valuations on at least a monthly basis for all client accounts. Cash balances and security holdings are generally reconciled on a daily basis for all client accounts. In cases of material discrepancies, Qtron communicates with the appropriate broker-dealers and/or custodians to rectify the discrepancy and seek reimbursement where appropriate.

Qtron works with broker-dealers and custodians to ensure the timely settlement of all trades. Qtron’s operations team monitors broker statements daily and communicates with brokers to detect trade breaks and or other potential settlement issues. Trade discrepancies whereby the trades are still permitted to settle have thereby been deemed immaterial by local clearinghouses, and Qtron thus does not seek remedy from broker-dealers for such breaks.

Clients are provided with monthly statements of performance, and may request to receive quarterly reports further detailing recent performance, account positioning, and market outlook.

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

Qtron does not compensate third parties (for example, finders and placement agents) for client referrals.

## **Item 15 - Custody**

### ***Separate Account & Sub-Advisory Assets***

Separate account and sub-advisory clients select and contract with a custodian of its choice to maintain the assets that the client appoints Qtron to manage. Each client deposits its assets with such custodians, and Qtron's authority with respect to such assets is, typically, limited to issuing instructions to the client's custodian to effect or settle trades (and other matters relating thereto). As such, Qtron generally does not have possession, or the authority to obtain possession, of assets held in such accounts in its role as investment manager, and do not have custody of client funds or securities.

Qtron does, however, maintain certain controls to seek to protect against unauthorized access to such assets. Access controls are maintained around the systems used by trading and by portfolio management to ensure that trades are authorized. Qtron also reconciles its records of client assets in accordance with its reconciliation policies, summarized herein.

### ***Fund Assets***

Qtron, as the investment manager of the Funds, is deemed to have custody of investors' assets pursuant to the Advisers Act, as a result of the fact its related person, Qtron LLC, serves as the General Partner of the Funds and has the authority and ability to deduct advisory fees and securities directly from investors' accounts. To mitigate any potential conflicts of interest due to this arrangement, the Funds' assets are maintained with an independent non-affiliated qualified bank custodian. Qtron uses Interactive Brokers LLC as a third-party custodian for the Funds' securities.

## **Item 16 - Investment Discretion**

Qtron accepts authority to manage client assets on a discretionary basis pursuant to a written investment advisory agreement, including the authority to determine the securities or other assets to be bought or sold and the total amount of securities or other assets to be bought or sold, subject in some cases to restrictions agreed with the client in advance and set forth in the applicable investment advisory agreement or supplemental policies applicable to the client.

Qtron also retains discretion in most cases to select broker-dealers, counterparties, and futures commission merchants used to execute securities transactions and other transactions for its clients' accounts. Please refer to Item 12 for information relating to the broker-dealer/counterparty selection process.

## **Item 17 - Voting Client Securities**

Qtron votes securities held in client accounts (including the Funds) when granted due authority in writing, typically in a client's investment management agreement or similarly signed, written instruction. Qtron generally does not accept directions or guidelines from clients regarding the voting of securities. Qtron may utilize a third-party vendor for proxy voting, and may rely on market research or other voting recommendations from the vendor when considering how to vote client securities in a particular meeting.

Qtron has established proxy voting procedures to ensure votes are cast in best interest of its clients. Qtron will evaluate

each proxy to determine the materiality of the vote with respect to the overall market value of the position. Further, Qtron may determine that voting any particular security is not in a client's best interest and may refrain from voting certain securities. For example, if a vote would restrict a client's ability to trade a security ("share blocking"), Qtron may abstain from voting on behalf of client securities.

Conflicts of interest in a proxy voting context may arise between Qtron and a client, but are expected to be rare. If, in Qtron's reasonable judgment, a conflict of interest does arise with respect to a particular proxy, Qtron will seek instructions from affected clients prior to casting a vote.

Clients may contact Qtron's regulatory compliance team by calling 617-514-7340 or via e-mail at [compliance@qtroninvestments.com](mailto:compliance@qtroninvestments.com) to obtain a copy of Qtron's proxy voting policy or a specific report of how securities were voted for their client accounts.

Prospective clients may obtain a copy of Qtron's proxy voting policy upon request.

### **Item 18 - Financial Information**

Qtron is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy petition at any time.