



**Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of Duality Advisers, LP d/b/a Duality Group. If you have any questions about the contents of this brochure, please contact us at (646) 690-9960. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Duality Advisers, LP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2 - Material Changes**

Duality Advisers LP (the “Adviser”) is providing this update to the “Brochure” since its last update dated January 2, 2020. A summary of material changes since the last update is as follows:

Item 4 reflects the Adviser’s regulatory assets under management as of December 31, 2019. Further, this Item incorporates the new separately managed account now managed by the Adviser.

Item 5 reflects the fee structure of the separately managed account.

In the future, this section of the Brochure will identify, address and discuss only the material changes since the last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) to assist and make you aware of certain information that has changed since the prior year’s Brochure. The Adviser will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, the Adviser’s Brochure may be requested by contacting Mr. Jeff Ziglar, the Chief Compliance Officer at [jeff@dualitygroup.com](mailto:jeff@dualitygroup.com) or (646) 690-9964.

### **Item 3 - Table of Contents**

Item 2 - Material Changes .....	ii
Item 3 - Table of Contents.....	iii
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation.....	5
Item 6 - Performance-Based Fees and Side-By-Side Management .....	8
Item 7 - Types of Clients .....	9
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 - Disciplinary Information .....	22
Item 10 - Other Financial Industry Activities and Affiliations .....	23
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	24
Item 12 - Brokerage Practices.....	25
Item 13 - Review of Accounts .....	27
Item 14 - Client Referrals and Other Compensation.....	28
Item 15 - Custody.....	29
Item 16 - Investment Discretion.....	30
Item 17 - Voting Client Securities .....	31
Item 18 - Financial Information .....	32

#### Item 4 - Advisory Business

- A. The Adviser is a Delaware limited partnership and has its principal place of business in New York, New York. The Adviser provides discretionary investment advisory services to various pooled investment vehicles operating as private funds (each a “Fund” and, collectively, the “Funds”). Interests in the Funds are offered to certain sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. The Adviser was formed in 2017 by Dario Villani, Kharen Musaelian, Alexander Sokol, and Jeffrey Ziglar (collectively, the “Principals”).

As limited partners of the Adviser, Dario Villani, Kharen Musaelian, Alexander Sokol, and Jeffrey Ziglar are its principal beneficial owners. Dario Villani and Kharen Musaelian are also the principal owners of Duality Holdings LLC, which owns the Adviser’s general partner, Duality Advisors LLC, in its entirety.

Through multiple investment strategies, the Adviser aims to achieve a high return-to-risk ratio by utilizing one or more sets of global financial assets to generate returns while maintaining specific levels of risk.

- B. The Adviser acts as an investment adviser to private funds, Duality Fermi Offshore Fund, Ltd., Duality Fermi Onshore Fund, LP, Duality Fermi Master Fund, LP (collectively, referred to as the “Funds”) and, separately managed account, Metropolis Cayman MAC Fund LP (“the SMA” or “separately managed account”, and collectively with the Funds, referred to as the “Clients”), for sophisticated, qualified investors. Duality Fermi GP, LLC, the general partner of Duality Fermi Offshore Fund, Ltd., Duality Fermi Onshore Fund, LP, and Duality Fermi Master Fund, LP, is an affiliate of the Adviser (the “General Partner”). The Adviser pursues its investment strategy through managing the Funds. The Adviser provides investment advisory services to the Funds based on the investment objectives and strategies described in the Funds’ confidential explanatory memorandum and governing documents (collectively, the “Offering Documents”). The Fund’s investment objective, generally speaking, is to achieve capital appreciation through investments in (i) systematic strategies that invest in equity securities; (ii) systematic strategies that invest in futures and foreign currencies; and (iii) systematic cross-assets strategies that trade equity securities, equity options, futures, futures options, foreign currency spot, forward and option contracts and various types of derivatives and other instruments.
- C. The Adviser’s only clients are the Funds and the SMA. As such, the Adviser follows the investment strategy described in each Client’s Offering Documents.
- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2019, the Adviser manages approximately \$ 2,871,422,613.19 in discretionary regulatory assets under management and \$0 in non-discretionary regulatory assets under management.

## Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to the Clients. In the future, the Adviser may enter into different fee arrangements on a client by client basis. It is critical that all clients, and investors in all clients, refer to the applicable client's Offering Documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. The following information is a summary only and is qualified in its entirety by the Fund's Offering Documents:

*Management Fee.* In consideration of management and advisory service provided by the Adviser, the Clients pay to the Adviser a quarterly management fee (the "Management Fee") in advance equal to a percentage, typically ranging from 0.75% to 2.0% per annum, of net asset value of the Fund.

*Incentive Allocation.* In addition to the Management Fee, the Clients pay to an affiliate of the Adviser or the Adviser, an incentive-based fee based upon a percentage of the distributions made to each Fund investor (the "Incentive Allocation").

LOWER FEES FOR COMPARABLE SERVICES MAY BE AVAILABLE FROM OTHER SOURCES.

- B. Management Fees are payable by the Fund to the Adviser quarterly in advance as of the first day of each calendar quarter and the Performance Fee is distributed by the Fund to an affiliate of the Adviser at the end of each fiscal year as applicable, in each case on the terms provided for in the Fund's governing documentation. In either case, the Adviser deducts fees directly from the Fund's assets. The Adviser has the authority to waive or modify the Management Fee for Fund investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons, and for certain strategic and large investors.
- C. With respect to the Fund, and as more fully described in the Fund's Offering Documents, the Fund bears costs and expenses relating to the fund, including, but not limited to: the Management Fee; Fund legal, compliance (including consultants' fees); the administrator's fees and expenses (including, but not limited to, middle and back office services and software necessary for trade capture and portfolio management); audit and tax preparation (including third-party tax preparation) and accounting expenses (including third party accounting services and accounting software); Organizational Expenses (as defined below); execution and order management system fees and expenses; fees and expenses associated with risk management services and any related software or systems; software licensing and technology-related fees and expenses (including any services agreements or "software-as-a-service" agreement, project and/or development fees and expenses and any consulting fees and expenses); salaries, and other related employment expenses associated with developers, engineers and other technology-related employees; investment expenses such as commissions; research fees and expenses (including Bloomberg and similar subscriptions and data services); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs (including D&O and E&O insurance for the Adviser and certain affiliates and members of select committees); fees and expenses of independent committee members; expenses of regulatory compliance (including compliance with AIFMD, FATCA and any other compliance regimes that the Fund may become subject to in the future), filings and reporting (including Section 13, Section 16 and Form PF filings); directors' fees; pricing service fees; portfolio valuation expenses

(including third-party valuation agents); and any other expenses related to the purchase, sale, transmittal or preservation of Fund assets.

Notwithstanding the foregoing, the Operating Expenses (defined below) of the Fund (except as set forth in the following paragraph regarding the separately managed account) are limited to 0.50% per annum of the net asset value of the Fund (measured as of the last day of each calendar quarter), with the excess, if any, to be reimbursed by the Adviser through a waiver of the Management Fee over the immediately following calendar quarter, and such reduction is allocated pro rata among each Fund investor. For purposes of calculating Operating Expenses on a quarterly basis, the Adviser may accrue an Operating Expense during the period in which such expenses were incurred even if that expense has not been billed, given that certain Operating Expenses are billed on a time interval that is not quarterly (e.g., an audit expense might be billed annually, but that expense will be accrued for on a quarterly basis).

For purposes of the Operating Expenses for the separately managed account, the Operating Expenses, the amount of which may vary from time to time, include, without limitation: (i) the fees and expenses of the general partner of the separately managed account and its directors (including director and officer insurance), the administrator of the separately managed account (including, where applicable, certain of the administrator's out-of-pocket expenses), the secretary and auditor of the separately managed account and any other service provider appointed by the separately managed account, (ii) legal fees and expenses; (iii) entity-level government taxes and fees together with other taxes incurred in connection with the separately managed account's trading and investment activities, (iv) the separately managed account management fee, the separately managed account's incentive fee, the separately managed account's risk management fee and a de minimis fee payable to the holder of the separately managed account's general partner's management shares, (v) the pro-rata allocation of the strategy expenses, (e.g., data subscription costs, technology costs and middle office services) (vi) investment-related expenses (e.g., brokerage commissions and transaction costs, currency hedging costs, clearing and settlement charges, custodial fees and interest expenses); (vii) registration and marketing costs and related expenses arising in connection with applicable regulatory, supervisory or fiscal authorities, including the costs of preparing regulatory filings and reports, (viii) printing costs and other expenses incurred in connection with the offering of the interests in the separately managed account and ongoing reporting to investors, and (ix) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business (including, without limitation, all fees and expenses in connection with the closure and liquidation of the separately managed account).

For this purpose (except as set forth in the preceding paragraph relating to the separately managed account), "Operating Expenses" means the Fund's audit and administration fees and expenses; the Fund's routine legal fees and expenses; the Fund's compliance fees and expenses; and salaries, and other related employment expenses associated with developers, engineers and other technology-related employees. For the avoidance of doubt, Operating Expenses do not include the Management Fee, the Incentive Allocation, any litigation expenses, indemnification expenses, non-routine legal fees and expenses, commissions, margin costs and other related investment expenses.

The organizational expenses of the Fund (including expenses of the initial offer and sale of Common Shares) (the "Organizational Expenses") are paid by the Fund. Organizational Expenses, for net asset value purposes and in the sole discretion of the Adviser, may be amortized over a period of up to 60 months from the date the Fund commences operations.

- D. As stated in Item 5.A. above, any Management Fees are payable quarterly in advance. Since Fund investors are generally permitted to withdraw their investment in the Fund with certain advance

notice and subject to redemption fees described in their entirety in the Fund's Offering Documents, the Adviser refunds any pre-paid Management Fees if an investor withdraws or redeems their investment in the Fund before the end of the billing period.

- E. Other than as described above, neither the Adviser nor any of its supervised persons receive any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser and affiliates of the Adviser may receive an Incentive Allocation from the Clients. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities.

Fund investors are provided with disclosure in the Fund’s Offering Documents as to how investment opportunities are allocated and how performance-based compensation is charged and the risks associated with such performance-based compensation, prior to making capital commitments to the Fund.

In addition, the Adviser employs policies and procedures governing the identification, assessment and monitoring of conflicts of interest.



**Item 7 - Types of Clients**

As described in Item 4, the Adviser provides investment advisory services only to the Clients, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act of 1940, as amended. Each investor in each Fund must be a “qualified purchaser” for Investment Company Act purposes and a “qualified client” for Advisers Act purposes.

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

- A. The Fund deploys multiple strategies in an effort to achieve capital appreciation. The Fund looks to deliver dollar-denominated returns by combining multiple systematic investment strategies driven by a machine learning architecture specifically built to identify investment opportunities. Each of the Fund's systematic strategies aims to achieve a high return-to-risk ratio by utilizing one or more sets of global financial assets to generate returns while maintaining specified levels of risk.

The Fund seeks to achieve capital appreciation through investments in (i) systematic strategies that invest in equity securities; (ii) systematic strategies that invest in futures and foreign currencies; and (iii) systematic cross-assets strategies that trade equity securities, equity options, futures, futures options, foreign currency spot, forward and option contracts and various types of derivatives and other instruments (each an "Investment Strategy"). The Adviser exercises its sole discretion in determining the percentage of the Fund's capital that is to be allocated to different trading strategies. The Adviser currently relies on Dr. Kharen Musaelian, in his capacity as the Chief Investment Officer of the Adviser, to manage such allocations.

The Adviser implements its Investment Strategies through the development and application of models that are designed to identify and capitalize on pricing anomalies, discrepancies, and tenuous but persistent relationships in various securities and financial instruments. These models are typically developed and implemented using computers that may generate buy or sell signals to assist the Adviser in the purchase and sale of securities and other financial instruments, or alternatively may send buy or sell orders directly to brokers. The models used are highly complex and rely on quantitative analysis of large amounts of real-time and historic data with a view towards identifying pricing anomalies, discrepancies, and tenuous but persistent relations.

In addition to decisions with regard to allocation and weighting, the Adviser may vary the risk of the Fund's investments and returns by varying both the manner and the degree to which the Fund's investments are hedged or leveraged.

While at any given time the strategies and techniques employed by the Fund may involve significant systematic risks, the Adviser anticipates that, over longer periods of time, the portfolio of the Fund will have little or no correlation to major market indices and factors. In an effort to increase investors' aggregate return-to-risk ratio resulting from the strategies utilized by the Fund, the Adviser may manage and attempt to limit the Fund's exposure to certain financial instruments by managing risk with both portfolio optimization techniques, and position and exposure limits.

In order to better control aggregate risk and to obtain efficiency in execution, multiple strategies are often traded together in combined, quantitatively optimized portfolios. In addition to risk aversion, the Adviser's optimizer uses position limits and other controls to attempt to lessen the risk of unanticipated loss. In addition to automatic controls, fund-wide risks are also monitored by the Adviser's risk management team, which constitutes a second level of risk monitoring.

**The foregoing discussion includes and is based upon numerous assumptions and opinions of the Adviser concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Fund's investment strategy will achieve profitable results or that the Fund's investors will not incur substantial or total losses.**

- B. The Adviser's investment strategy and the securities it invests in to carry out this strategy involve a high degree of business and financial risk that could result in substantial losses and are suitable only for Fund investors prepared to bear such risk. The risk factors below are not intended to be exhaustive. Prospective investors should carefully review the risks described in the Fund's Offering Documents.

### **Algorithmic Trading**

The success of the Fund is dependent upon the expertise of the Adviser combined with the efficacy and availability of the software and automated trading systems. The Adviser currently intends, but is not required, to use an investment strategy that involves active trading through the use of automated trading systems. Such active trading presents the risk of large, immediate losses. The automated trading systems, no matter how convenient or efficient, do not reduce risks associated with active trading. The software and automated trading systems, which the Adviser utilizes in managing the Fund's assets, are relatively new and have been put to limited use to date in portfolio management activities. There can be no guarantee that the software and automated trading systems will achieve their intended objectives.

As with all facilities and systems, the Adviser's trading systems, hardware, and software are vulnerable to temporary disruption, failure, inaccuracies, and/or security breaches, including, but not limited to: communication failures or inaccuracies; security quotation and data errors (whether as a result of software errors, automatic price or data misfeeds, or a dealer's mistype or mistake); system or software crashes; distortions; viruses; stolen passwords and/or unauthorized trades; signal power disruptions; and failures of internet reception or routing. System delay or failures can have negative results on investment selection and execution. The result of any system related failure may include, but not be limited to: trades being executed without the Adviser's authorization; trades not being executed according to the Adviser's instructions or criteria; or trades not being executed at all. The Fund's ability to recover certain losses or foregone profits due to such disruptions and failures may be subject to limits on liability imposed by system providers, the market, financial institutions, and/or the clearing house. In the absence of recovery, the Fund bears the risks and losses of any system delays or failures, including, but not limited to, the system delays or failures described herein.

### **Systems Risk**

The Adviser relies heavily on computer programs and systems in connection with managing the Fund and its portfolio. In addition, certain of the Fund's and the Adviser's operations interface with or depend on systems operated by third parties, including prime brokers and other service providers, and the Fund or the Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses, network or other cybersecurity intrusions, power failures and human error. Any such defect or failure could have a significant negative impact on the Fund. For example, such defects or failures could cause settlement of trades to fail, lead to inaccurate accounting, reporting or processing of trades and/or cause inaccurate reporting, which may affect the Fund's ability to monitor the risks associated with its investment portfolio.

### **Model Risk**

The Fund's investment program is based substantially upon a number of quantitative approaches, systematic analysis, algorithms or other models. As with any model-driven or other quantitative

strategy, the Fund's investment program and its resulting performance are subject generally to model risk (i.e., the consequences of any inaccuracy, flaw or limitation of the quantitative model). Models are generally based upon historical data, which is not indicative of the future performance of any investments in the Fund. The Adviser is continually engaged in the evaluation and refinement of investment models reflected in its strategies. It may also modify existing models, discontinue use of certain models or add other models or other investment methodologies in the future. Models to be employed by the Adviser are intended to identify and capture favorable investment opportunities or to limit certain types of risks, or possibly both. However, there is no assurance that the use of any such models will necessarily fulfill their intended objectives or assure investment success in future markets and environments.

### **Frequent Trading; Increased Costs and Expenses**

The Fund's investment strategy may involve frequent trading due to the active nature of its portfolio. As a result, the brokerage, commissions and other expenses of the Fund may exceed those of other, less active, investment entities of comparable size.

### **Nature of Investments**

The Adviser has broad discretion in making investments for the Fund. Investments will generally consist of equities, equity-related securities, currencies, futures contracts, options, commodity instruments and derivatives and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile and subject to a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, which may significantly affect the results of the Fund's activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Fund's investment objective will be achieved.

### **Equity-Related Instruments**

The Fund invests in equity securities and equity-related instruments, including, but not limited to, publicly listed equity securities in the U.S. or abroad, privately offered equity securities and financial instruments that may reference a single issuer, a specific sector or a broad equity index. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments vary for a variety of reasons, including, but not limited to, supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment and the outlook for the overall economy. To the extent the Fund owns an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

## **Futures Contracts**

The Fund will invest in futures contracts. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security can produce disproportionately larger profit or loss.

The use of futures is a highly specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Fund's return or not cause the Fund to sustain large losses. While the use of these instruments by the Fund may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. If the Adviser applies a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Fund's return or cause substantial losses. Certain strategies limit the Fund's possibilities to realize gains as well as limit its exposure to losses. The Fund could also experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the Fund will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Fund's investment turnover rate. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Fund may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Fund to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

Moreover, under the U.S. Commodity Exchange Act, as amended (the "CEA"), a futures commission merchant (an "FCM") is required to segregate all funds received from customers from its proprietary assets. If the FCM fails to do so, the assets of the Fund might not be fully protected in the event of the FCM's bankruptcy. Furthermore, in the event of the FCM's bankruptcy, the Fund could be limited to recovering either a pro rata share of all available funds segregated on behalf of the FCM's combined customer accounts or the Fund may not recover any assets at all, even though certain property specifically traceable to the Fund was held by the FCM. In the event of a bankruptcy or insolvency of any exchange or a clearinghouse, the Fund could experience a loss of the funds deposited through the FCM as margin with the exchange or clearinghouse, a loss of any profits on its open positions on the exchange, and the loss of unrealized profits on its closed positions on the exchange.

## **Options**

The Fund intends to invest a portion of its assets in options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options, on the other hand, involves potentially greater

risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). OTC options also involve counterparty solvency risk.

### **Currency Forward and Currency Futures**

The Fund may enter into forward currency exchange contracts (“forward contracts”) for hedging purposes and non-hedging purposes to pursue its investment objective. Forward contracts are transactions involving the Fund’s obligation to purchase or sell a specific currency at a future date at a specified price. Forward contracts may be used by the Fund for hedging purposes to protect against uncertainty in the level of future foreign currency exchange rates, such as when the Fund anticipates purchasing or selling a foreign security.

The Fund may at times use currency options to hedge against the decline in the value of a currency or to enhance returns. Currency options are similar to options on securities. For example, in consideration for an option premium the writer of a currency option is obligated to sell (in the case of a call option) or purchase (in the case of a put option) a specified amount of a specified currency on or before the expiration date for a specified amount of another currency. The Fund may engage in transactions for currency options either on exchanges or OTC markets. Currency options involve substantial currency risk, and may also involve credit, leverage or liquidity risk, among others.

### **Commodity and Futures Contracts**

The Fund may also invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities, which while they may increase the total return in the Fund’s investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day’s trading beyond certain set limits. If prices fluctuate during a single day’s trading beyond those limits, the Adviser could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

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

### **Derivatives**

To the extent that the Fund invests in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are

backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. All securities and other assets deposited with custodians or brokers are clearly identified as being assets (directly or indirectly) of the Fund, and hence the Fund should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

### **Exchange-Traded Funds**

The Fund invests in exchange-traded funds (“ETFs”), which are registered investment companies. Investments in an ETF are also subject to the fees and expenses of that ETF, which may include a management fee payable to the adviser of the ETF and other fund expenses. The U.S. Investment Company Act of 1940, as amended, restricts the ownership that a private investment fund may have to 3% of the voting securities of a registered investment company. This restriction may limit the Fund’s ability to own certain ETFs, and as a result of this limitation, the Fund may not be able to carry out its investment objective.

Additionally, the Fund’s positions in ETFs are subject to a number of risks associated with the management and market conditions of the ETFs. These include (but are not limited to):

- **Delisting** – An ETF may be delisted and liquidated at the discretion of its issuer or sponsor. If the Fund holds a position in an ETF when it is delisted, the Fund will become subject to that ETF’s lack of liquidity. To the extent the ETF is liquidated, the Fund may become subject to costs associated with the ETF’s liquidation and additional taxes associated with any cash distributions from the liquidation.
- **Price and Market Maker Instability** – The supply and demand of shares of an ETF and the trading price relative to an ETF’s net asset value are kept in balance by its authorized participants. The authorized participants (i.e., broker dealers that have a contractual relationship with ETFs and assist in creations and redemptions) are not contractually bound to insure an orderly market in ETFs and are incentivized economically to buy ETF shares when shares are trading at a discount and sell those ETF shares when the shares are trading at a premium. Therefore, the supply-demand balance of an ETF is solely a function of the market and may be impacted by external factors, such as volatile markets or the liquidity and the financial conditions of an authorized participant. If authorized participants do not participate in the available price arbitrage, an ETF may experience tracking error and that may negatively affect the value of the Fund’s position in that ETF. Even if an authorized participant is successful in its price arbitrage, this may negatively impact the Fund. For example, if a Sector ETF is trading at a discount to net asset value and authorized participants redeem shares in that Sector ETF to reduce the discount, that Sector ETF will have a reduced number of outstanding shares. A smaller number of outstanding shares may result in higher borrow costs for short transactions, more slippage in order execution, more volatile markets and other unforeseen concerns that may negatively affect the Fund.
- **Illiquidity** – The liquidity of an ETF is determined not only by the ETF’s own market liquidity but how easy or difficult it is to transact in the ETF’s constituent instruments. If one or more of an ETF’s constituent instruments becomes difficult to buy or sell, the ETF may become difficult to transact or experience tracking error that negatively affects the value of the Fund’s position in the ETF. Additionally, authorized participants, in their own judgment and for

reasons completely unrelated to the investment activities of the Fund, may not participate in the creation and redemption process of a particular Sector ETF. The secondary markets of any Sector ETF may be affected by a lack of creation or redemption activities, which may create a premium or discount in the traded price of a Sector ETF relative to its net asset value. Premiums or discounts in the traded price of a Sector ETF may affect the value of the Fund because the Fund may buy a Sector ETF at a premium or sell short a Sector ETF at a discount and that Sector ETF's trading price may subsequently return to its net asset value.

- Borrow Availability – The Fund's ability to take short positions in an ETF is subject to borrow availability. The Fund's ability to take optimal positions in ETFs may be adversely affected by one or more ETFs becoming hard to borrow.
- Constituent Fluctuation – ETFs on equity indices attempt to track their underlying indices closely. However, the issuer may in its discretion temporarily introduce ex-index constituents to the ETF, including ex-index equities and foreign currencies. This may introduce risks and tracking error that are difficult to assess and that may negatively affect the value of the Fund's position in the ETF.

### **Currency Risks**

The Fund has exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with this exposure or enter into foreign exchange transactions to increase its returns. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments between the relevant country and its major trading partners;
- political, civil or military unrest in the relevant country or economic region; and
- monetary, fiscal and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of the Fund could be affected by the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response



to other market forces and the movement of currencies across borders. Additionally, market perceptions of the relative strength or cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negatively impact the value of an investment in the Fund to the extent the Fund has currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

### **Short Sales**

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### **Use of Leverage**

The Fund utilizes leverage. This results in the Fund controlling substantially more assets than the Fund has equity. Leverage increases the Fund's returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

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

### **Hedging Transactions**

The Fund may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and speculation purposes. With respect to the Fund's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Fund than if it did not engage in any such hedging transactions. In addition, the Fund may choose not to enter into hedging transactions with respect to some or all of its positions.

### **Portfolio Turnover**

The investment strategy of the Fund may require the Adviser to actively trade the Fund's portfolio, and as a result, turnover and brokerage commission expenses of the Fund may significantly exceed those of other investment entities of comparable size.

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

The Fund may invest outside of the United States. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Counterparty Risk**

To the extent that the Fund invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **Cyber Security Breaches and Identity Theft**

The Adviser's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser, the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's, the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### **Lack of Liquidity of Fund Investments**

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

### **Incentive Allocation**

The allocation of a percentage of the Fund's net profits to an affiliate of the Adviser may create an incentive for the Adviser, an affiliate of the General Partner, to cause the Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

### **Reliance on Dr. Kharen Musaelian and Dr. Dario Villani**

The Fund relies heavily on the services of Dr. Kharen Musaelian and Dr. Dario Villani. Dr. Kharen Musaelian and Dr. Dario Villani are responsible for the investment decisions made with respect to the Fund. Should Dr. Kharen Musaelian and Dr. Dario Villani determine to discontinue managing the affairs of, or withdraw from, the Adviser or should Dr. Kharen Musaelian and Dr. Dario Villani die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Adviser, the business and results of the operations of the Fund may be adversely affected and a Shareholder's redemption terms may be altered.

### **Potential Conflicts of Interest**

The Adviser uses its best efforts in connection with the purposes and objectives of the Fund and will devote as much of its time and effort to the affairs of the Fund as may, in its judgment, be necessary to accomplish the purposes of the Fund. Under the terms of the Management Agreement, the Affiliated Parties (as defined therein) may conduct any other business, including any business within or outside the securities industry, whether or not such business is in competition with the Fund. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, or investment adviser for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Fund. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Fund invests as well as interests in investments in which the Fund does not invest. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and other clients of the Affiliated Parties, such investments will be allocated between the Fund and the other clients pro rata based on assets under management or in some other manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Fund.

Additionally, investment decisions made on behalf of the Fund are based on sophisticated quantitative models created by the Adviser. Those models may be used by the Adviser on behalf of other clients, but the parameters and other inputs used in those models may be modified and/or human traders may intervene on behalf of other clients. Additionally, the Fund and other clients may have different investment objectives and liquidity terms. Therefore:

- the Adviser may be short certain financial instruments on behalf of another client when the Fund is long or buying those financial instruments (or vice versa);

- the Adviser may enter, hold or add to long positions in a financial instrument on behalf of another client when that financial instrument is being shorted, not being held or purchased on behalf of the Fund;
- a particular investment may be bought or sold in different amounts and/or at different times for one or more clients but not all clients, even though it could have been bought or sold for other clients at the same time;
- purchases or sales of the same investment may be made for two or more clients on the same date but at different prices as a result of investment time horizons; and
- a particular investment may be bought for one or more clients when one or more other clients are selling the investment.

The Fund bears its own expenses as described in Item 5 above. Each other client bears its own expenses as set forth in its respective investment management or other agreement with the Adviser or its affiliates. Expenses borne by the other clients may differ from the expenses born by the Fund. In certain instances, the Fund may bear expenses that the Adviser has agreed to bear for one or more other clients. In other instances, the other clients may bear expenses that the Adviser has agreed to bear for the Fund.

Common expenses may, in the future, be incurred on behalf of the Fund and one or more other clients. The Adviser seeks to allocate those common expenses among the Fund and the other clients in a manner that would be fair and reasonable over time. However, expense allocation decisions would involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). The Adviser may use various methods to allocate particular expenses among the Fund and the other clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity etc.). The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Fund and the other clients from the product or service, or other relevant factors. Nonetheless, investors should note that the portion of a common expense that the Adviser allocates to the Fund for a particular product or service, may not reflect the relative benefit derived by the Fund from that product or service in any particular instance. The Adviser's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Adviser in good faith will be final and binding on the Fund.

From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Fund and the other clients in an equitable manner as determined by the Affiliated Parties. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a "best execution" basis.

Dr. Sokol, who is a Principal, is also the owner of CompatibL Technologies LLC (“CompatibL”). CompatibL has entered into a software license and services agreement (the “CompatibL Agreement”) with an affiliates of the Adviser pursuant to which the CompatibL will provide certain research, design, development and/or consulting services to the Adviser for the benefit of the Fund. Fees paid to CompatibL are deemed to be an expense of the Fund. While the terms of the CompatibL Agreement have been negotiated on an arms-length basis, this relationship between the Fund and CompatibL is a conflict of interest.

The pro-rate share (based on AUM) of these fees are an expense of the Fund. Dr. Villani, Dr. Musaelian, Dr. Sokol and Mr. Ziglar, who are all Principals, are also members of Duality Holdings LLC (“Duality Holdings”). Duality Holdings is the majority owner of Applied Data Quotient Inc. (“ADQ”), currently a technology start-up that intends to provide data services to companies and will specifically target large Fortune 500 companies as its initial clients.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Fund and other entities, in allocating investments and expenses among the Fund and other entities and in effecting transactions for the Fund and other entities, including ones in which the Affiliated Parties may have a greater financial interest. The Adviser’s prime brokers and administrator each act as custodian and administrator for other funds and thus may have conflicts from time to time.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT. PROSPECTIVE CLIENTS AND CLIENT INVESTORS SHOULD READ APPLICABLE GOVERNING DOCUMENTS, INCLUDING DETAILED RISK DISCLOSURES CONTAINED IN A FUND’S CONFIDENTIAL EXPLANATORY MEMORANDUM, CAREFULLY AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO INVEST.

C. See Item 8.B. above.

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of an adviser or the integrity of an adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of its management.

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

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. The Adviser is registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission. Moreover, Dario Villani, Jeffrey Ziglar and Max Haller are registered as Associated Persons.
- C. The General Partner is an affiliate of the Adviser. Other than with respect to the General Partner, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.
- D. Though it may have the authority to do so under the terms of the Fund's Offering Documents, the Adviser does not recommend or select other investment advisers for Fund investors.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including certain personal securities transactions, an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information and, therefore, such professionals may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any Fund investor or prospective Fund investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to its Clients investments in which the Adviser or any related persons have a material financial interest.
- C. The Adviser, as well as the employees and officers thereof, may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to the Fund. As discussed in Item 11.A. above, the Adviser has established policies and procedures to avoid conflicts of interest that may arise due to personal trading activities.
- D. See Item 11.C. above.

IT IS CRITICAL THAT FUND INVESTORS REVIEW THE FUND’S OFFERING DOCUMENTS FOR A DETAILED DESCRIPTION OF POTENTIAL CONFLICTS OF INTEREST RELATED TO AN INVESTMENT IN THE FUND. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY, DRAFTED IN ACCORDANCE WITH THE GENERAL INSTRUCTIONS FOR PART 2 OF FORM ADV, AND INVESTORS AND PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY REVIEW ALL CONFLICTS OF INTEREST SET FORTH IN THE RELEVANT OFFERING AND GOVERNING DOCUMENTS.



## **Item 12 - Brokerage Practices**

- A. The Adviser has complete discretion to determine, subject to each Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for the Funds, and the commission rates to be paid for such transactions.

### **Brokerage**

The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Fund. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause a Fund to enter into arrangements pursuant to which the Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Fund may be cleared through, and the Fund's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's agreement with the Fund, the Adviser generally uses a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. The Adviser does not consider the receipt of investor referrals when selecting broker-dealers to execute transactions.

The Adviser does not permit the Fund to direct brokerage to a specified broker-dealer. All brokerage transactions are executed through the broker-dealers selected by the Adviser.

### **Soft Dollars**

Except as related to the separately managed account, the Adviser or its affiliates may receive from a Fund's broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on a Fund's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Adviser uses the research and services in making investment decisions for the applicable Fund, the Adviser may use such research or services for other Funds and the applicable Fund will generally pay more than the lowest available commissions for execution of these transactions. The Adviser may also enter into "soft dollar" arrangements to cover Fund expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use "soft dollar" credits generated by a Fund's securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Fund transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Funds.

In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of

1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

B. Not applicable.

**Item 13 - Review of Accounts**

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the Fund's investment portfolio. The Principals perform intraday, daily, weekly or monthly reviews of the Fund's positions as deemed appropriate. Performance, security positions and investment opportunities are among some of the matters that may be reviewed.
- B. See Item 13.A. above.
- C. The Adviser provides written periodic financial reports, such as audited annual financial statements, to the Investors in the Fund. This reporting includes customary financials relating to the business and operations of the Fund. For the avoidance of doubt related to the separately managed account, the Adviser assists a designee of the separately managed account in the designee's provision of the separately managed account's annual audited financial statements to the separately managed account's Investors.

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

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Fund.
- B. Despite that the Adviser currently does not use a placement agent, it may enter into agreements with certain placement agents that provide for compensation to be paid for referring Fund investors to the Fund or the Adviser. In the event that the Adviser chooses to engage a placement agent in the future, all such solicitation arrangements will be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. Clients and Investors will not be responsible for any of the fees paid to the placement agents.

**Item 15 - Custody**

Client assets are custodied with a qualified custodian which provides the investor with at least quarterly statements. Investors are urged to review carefully and compare these statements with any statements provided by the Adviser.

**Item 16 - Investment Discretion**

The Adviser exercises discretion in managing the investments of the Fund, based on the Fund's investment objectives, policies and strategies disclosed in its governing documents (such as the Offering Documents and investment management agreement). The limitations on such authority are described in such documents. The Adviser contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered into among the Adviser, the Fund and other affiliates.

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

The Adviser follows a proxy voting policy to help ensure that proxies the Adviser votes, on behalf of the Fund, are voted to further the best interest of the Fund. The policy establishes a mechanism to address any conflicts of interests between the Adviser and the Fund. Further, the policy establishes how the Fund may obtain information on how the proxies have been voted.

The Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Adviser votes proxies in a manner that it believes reasonably furthers the best interests of the Fund and is consistent with the investment philosophy as set forth in the Offering Documents.

If a proxy vote creates a material conflict between the interests of the Adviser and the Fund, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on the Adviser's determination of the Fund's best interest and was not the product of the conflict.

The Adviser maintains records of all proxy votes that are made on behalf of the Fund. Such records are available to Adviser's Funds upon request.

**Item 18 - Financial Information**

- A. The Adviser does not require or solicit prepayment of any fees greater than six months in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Fund.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.