



**T2AM, LLC**

13323 Washington Blvd  
Suite #300  
Los Angeles, CA 90066  
(310) 574-8610

[www.t2am.com](http://www.t2am.com)

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

March 30, 2020

This brochure provides information about the qualifications and business practices of T2AM, LLC (“T2AM”, the “Firm” or the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (310) 574-8610. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of T2AM or its personnel.

Additional information about T2AM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This brochure, dated March 30, 2020, contains no material changes from the previous brochure, dated March 22, 2019.

### **Item 3 – Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	4
Item 6	Performance-Based Fees and Side-By-Side Management .....	6
Item 7	Types of Clients .....	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9	Disciplinary Information.....	12
Item 10	Other Financial Industry Activities and Affiliations .....	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12	Brokerage Practices .....	14
Item 13	Review of Accounts.....	15
Item 14	Client Referrals and Other Compensation .....	16
Item 15	Custody .....	16
Item 16	Investment Discretion .....	16
Item 17	Voting Client Securities.....	16
Item 18	Financial Information.....	17
Item 19	Requirements for State Registered Advisers .....	17

#### Item 4 – Advisory Business

- A. T2AM, a Delaware limited liability company, is an investment adviser located in Los Angeles, California. Mr. Rishi K Narang founded T2AM in 2005 and is the Registrant's sole owner and managing member.

The Registrant serves as investment manager to the following pooled investment vehicle that generally employ a “fund of managed accounts” strategy: AT-Research Managed Futures Fund, LP, a Delaware limited partnership. The Registrant also acts as a subadvisor to certain pooled investment vehicles on a discretionary basis (collectively the “Funds”).

- B. The Registrant provides discretionary and non-discretionary investment services to its Funds. The Funds generally pursue a “fund of managed accounts” strategy. The objective is to achieve superior risk-adjusted returns by allocating capital primarily to prime brokerage accounts and sub-accounts (each, a “Managed Account”) held at prime brokers or other qualified custodians in each Fund's name. The Managed Accounts are each separately managed by a professional money manager (each, a “Sub-Adviser”) appointed by the Registrant. The Sub-Advisers generally pursue strategies in equities, futures, currencies, and options thereon, but may be authorized by the Registrant, at its sole discretion, to pursue other strategies. From time to time, the Registrant will also make direct investments on behalf of the Funds in a variety of securities and other instruments, including private investment funds managed by third-party managers (each, an “Underlying Fund”), employing a diversified mix of strategies.
- C. Through the Funds' employment of a “fund of managed accounts” structure, the Sub-Advisers exercise discretion over the Managed Accounts. In the non-discretionary arrangements, the Registrant will provide advisory services, including but not limited to sourcing, analyzing and supervising sub managers for certain Funds. The Registrant may tailor its advisory services to the specific needs of the Funds when deemed necessary.

In the event that the Registrant desires to make an allocation to a Sub-Adviser but such allocation cannot be made in the form of a Managed Account, such allocation may be made to an Underlying Fund to which such money manager serves as investment adviser.

Additionally, the Registrant has entered into separate agreements, commonly referred to as “side letters”, or other similar agreements with certain investors in the Funds in connection with such investors' admission to a Fund. These letters have the effect of establishing rights under or supplementing the terms of the applicable Fund's partnership agreement with respect to such investor in a manner different than may be applicable to other investors.

- D. The Registrant does not participate in wrap fee programs.

- E. As of December 31, 2019, T2AM managed \$24,178,821 of regulatory assets under management on a discretionary basis and \$245,000,000 of regulatory assets under management on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

- A. For its discretionary advisory services, the Registrant charges one or more fees to each Fund that are based on a percentage of net assets under management (collectively, such fees are referred to as “Management Fees”). The Management Fees are payable monthly in advance by each investor of the Funds. The Management Fees are based on the market value of the assets under management as of the first business day of the current calendar month. Fees are prorated for investments that are at times other than the start of a calendar month. The applicable Management Fee schedule for each investor is described in each Fund’s offering memoranda.

The Registrant also receives an incentive allocation (the “Performance Fee”) as discussed further in Item 6, and, from time to time, a flat fee for consulting services from certain Fund investors.

It is important to note that the Sub-Advisers of the Funds (as defined in Item 4.B.) generally charge annual management fees that are measured by a percentage of the value of the assets they manage. In addition, such Sub-Advisers receives incentive fees or performance fees based on both realized and unrealized appreciation in the value of the assets under management.

For its non-discretionary advisory services, the Registrant will receive a pre-determined monthly fee payable no later than 10 calendar days after the beginning of the applicable month. The Registrant will also receive an annual fee for services provided within 60 calendar days after each calendar year end.

- B. The Registrant deducts fees from the discretionary Funds’ assets. Specifically, the Funds pay the Registrant a Management Fee by debiting the capital account of each investor on a monthly basis.

In its non-discretionary capacity, the Registrant will receive the fees as stated in the governing agreement.

- C. The discretionary Funds pay the Registrant for the following costs and expenses incurred by or on behalf of the Funds or for its benefit, including, but not limited to:
- all legal, accounting and auditing costs and expenses;
  - all management, incentive, or other fees payable to the Sub-Advisers of the Funds;
  - director fees;

- all expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of the Funds' business;
- all expenses of consultants or other service providers retained by the Funds to assist it in maintaining the Funds' books and records and complying with applicable laws and regulations;
- all costs and expenses incurred for the purpose of protecting or enhancing the value of the Funds' assets (including the costs of instituting or defending lawsuits);
- all costs incurred through special purpose vehicles, including any organizational or operating expenses of such special purpose vehicles, or the Funds' pro rata share thereof;
- all investment-related costs and expenses incurred by the Funds in connection with the investment of its assets within (or outside) the Managed Accounts (including but not limited to brokerage commissions, clearing fees, and exchange fees);
- all interest on Fund borrowings (on margin or otherwise);
- all insurance and bonding costs;
- all fees or assessments in connection with any regulatory registrations, qualifications and/or approvals of the Funds;
- all costs of preparing and distributing reports and statements to investors;
- all filing fees, regulatory fees and recording fees; and
- extraordinary expenses, such as indemnification and litigation expenses.

Additionally, Funds that invest in Underlying Funds will incur a share of expenses of any Underlying Fund in which it invests. Some Underlying Funds may have significant operating expenses. Please refer to the relevant Fund's offering memoranda for a complete understanding of each Fund's fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's offering memoranda.

The Funds will incur brokerage costs. See Item 12 – Brokerage Practices. Strategies utilized by certain Sub-Advisers may require frequent trading, and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

The Funds are not obligated to reimburse the Registrant for its own general, administrative or operating costs.

- D. The Management Fees for each discretionary Fund are payable monthly in advance by each investor of the Funds, as discussed above in Item 5.B. Accounts initiated or terminated during the relevant periods will be charged a pro-rated fee.
- E. Neither the Registrant nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Generally, investors in the discretionary Funds pay the Registrant a Performance Fee assessed at the end of each relevant period if there has been a net asset increase that is above any net asset decrease in each account of a Fund's value. Such investors of the Funds are subject to a Performance Fee. The Performance Fee is generally payable on a monthly, quarterly, or annual basis, but vary from Fund to Fund. The Performance Fees applicable to investors in the Funds have a loss carry forward provision.

The fact that the Performance Fee is payable only out of increases in net profits may create an incentive for the Registrant to select Sub-Advisers for the Funds that employ strategies which are riskier or more speculative than would be the case in the absence of such fees. The Registrant has implemented internal controls to address the potential for any conflicts associated with performance-based fees and varying fee structures.

## **Item 7 – Types of Clients**

As stated in Item 4.A, the Registrant provides portfolio management services to pooled investment vehicles. Such investment vehicles are exempt from registration under the Investment Company Act of 1940, as amended.

The minimum initial investment in the Funds varies, but is typically between \$100,000 and \$1,000,000. However, this is subject to the discretion of the Registrant.

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

- A. With respect to the Funds, the Registrant's investment objective is to generate risk adjusted returns that the Registrant believes are (a) high relative to the liquidity and asset quality and (b) uncorrelated with the performance of major market and alternative investment indices by investing the Funds' assets in separately managed accounts and other eligible investments.

The Sub-Advisers generally pursue strategies in, but not limited to, equities, futures, currencies, and options thereon, but may be authorized by the Registrant, at its sole discretion, to pursue other strategies.

The Funds indirectly invest in individual securities through the Managed Accounts or Underlying Funds; as such, individual securities are allocated by each Sub-Adviser. Investing in securities involves risk of loss that the Funds (and their investors) should be prepared to bear. The Registrant, in determining which Sub-Adviser to invest, employs a comprehensive process to analyze this. The process includes, but is not limited to, the following:

- (i) Strategy and Research – the Registrant develops and refines, as needed, a specific

- approach, dependent on the investment strategy, to narrow the field of Sub-Advisers that would enhance such investment strategy;
- (ii) Manager Sourcing – the Registrant proactively and responsively engages to maximize the universe of investment choices available to the Funds;
  - (iii) Manager Selection – the Registrant examines the Sub-Adviser’s ability to manage their strategy and selects such Sub-Advisers based on the Registrant’s selection criteria (as outlined in the Funds’ offering memoranda);
  - (iv) Managed Account’s Portfolio Construction – Upon the Registrant’s selection of a Sub-Adviser, the Registrant determines what allocations such Sub-Adviser will receive and the Managed Account’s corresponding risk exposure; and
  - (v) Monitoring and Risk Management – the Registrant performs ongoing analysis of investments in each Managed Account, measure and manage risk exposures, and revises and sets (as necessary) the Manager Selection priorities (as outlined in point (iii)).

As noted in Item 4.B, T2AM will, from time to time, make direct investments on behalf of the Funds as well. Such investments generally represent a small percentage of the Funds’ portfolios and typically involve a limited number of securities.

- B. No guarantee or representation is made that the Registrant’s investment strategy will be successful. As noted in each Fund’s offering memorandum, there are risks inherent to the Registrant’s investment strategy including, but not limited to those listed below.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment with respect to which T2AM advises or causes to be made. These risk factors include only those risks T2AM believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Registrant.

#### **Dependence on the Sub-Advisers**

The Funds’ success depends on the acumen and expertise of the Registrant in evaluating and selecting Sub-Advisers to manage the Managed Accounts and Underlying Funds. Each Fund’s general partner and the Registrant have exclusive authority on behalf of the Funds to manage the business and affairs of the Funds without participation by the Funds’ investors. The Registrant has the right to select the Sub-Advisers in which the Funds invest and to determine the amount of assets to be invested in each such account. Thus, the Funds’ investment performance depends in large part on the skill and expertise of the Registrant in selecting and appointing the Sub-Advisers and in allocating and reallocating assets among the Managed Accounts and Underlying Funds. The Registrant also has the responsibility for monitoring the Sub-Advisers and the performance of the Managed Accounts, the Underlying Funds and the Funds.

Each Sub-Adviser has exclusive responsibility for making trading decisions on behalf of its Managed Account or Underlying Fund. The Sub-Advisers are expected to have varying levels of experience. The performance of a Sub-Adviser depends in many



instances on the investment decisions of one or a few individuals employed by the Sub-Adviser. If such individuals cease to be employed by a particular Sub-Adviser, the Managed Account or Underlying Fund managed by that Sub-Adviser could be materially and adversely affected. The Sub-Advisers also may manage other accounts including other accounts and partnerships in which the Sub-Advisers and their affiliates may have an interest, which together with accounts already being managed could increase the level of competition for the same investments the Managed Accounts or Underlying Funds might otherwise make, including the priorities of order entry.

The Sub-Advisers and their principals may employ different trading methods, policies, and strategies for different funds or accounts. Therefore, the results of the Managed Accounts' or Underlying Funds' trading may differ from those of the other accounts traded by the same Sub-Adviser. As the funds under management by a particular Sub-Adviser increase, the Sub-Adviser may have increasing difficulty implementing an investment strategy that may have been successful in the past or difficulty finding sufficient attractive investment opportunities. The Limited Partners have no opportunity to select any Sub-Advisers or evaluate the Managed Accounts or Underlying Funds or any of the Funds' other investments or strategies. The Registrant selects the Sub-Advisers, in part, on the basis of information made directly available to the Registrant by the Sub-Advisers. Although the Registrant attempts to evaluate all such information and seeks independent corroboration when it considers it appropriate and when such independent corroboration is reasonably available, the Registrant is not in a position to confirm the completeness, genuineness or accuracy of such information.

#### **Future Performance of the Sub-Advisers is Uncertain**

The Registrant endeavors to select the Sub-Advisers based, in part, upon a detailed evaluation of the Sub-Advisers' past performance. However, the Sub-Advisers for the Funds may include managers with a very limited track record, managers who have recently begun to accept outside capital, or managers who are offering new, niche, or specialty products. With respect to these Sub-Advisers, any evaluation of past performance is of limited utility. There can be no assurance that the future results of even those Sub-Advisers who have extensive performance histories will bear any relationship to their past performance. Moreover, even Sub-Advisers who have achieved excellent results over an extended time may experience broad fluctuations from period to period. Due to cyclical movements of capital markets and return volatility, period-to-period results may differ materially. The Registrant believes that an investment in the Funds is suitable only for those investors who can bear the economic risk of the investment (i.e., at the time of the investment, the prospective investor can afford to hold the investment for an indefinite period of time and can afford a complete loss of the investment).

#### **Due Diligence in Sub-Adviser Selection Process**

The Funds, through the efforts of the Registrant, conducts an amount and depth of due diligence that it believes is adequate to select the appropriate Sub-Advisers with whom to invest. However, due diligence is not foolproof and may not uncover problems associated with a particular Sub-Adviser. The Funds may rely upon representations made by the

Sub-Advisers, accountants, attorneys, prime brokers and/or other investment professionals. If any representation is misleading, incomplete, or false, it may result in the selection of Sub-Advisers that might otherwise have been eliminated from consideration had complete information been made available.

### **Limitations as to Quantitative Approach**

The quantitative methodology reflected in the investment strategies of certain Sub-Advisers is based, to a substantial extent, upon the Sub-Adviser's analysis of historical market data and the application of the Sub-Adviser's proprietary system to such data. As with other quantitative trading systems, such historical analysis may indicate probabilities of price movements or relationships which are not necessary or inevitable or which may not necessarily recur in the future in a manner that will support profitable trading strategies. Future market conditions may or may not be sufficiently similar to that of prior markets to render such a methodology effective. Investment prices in the future may reflect factors and considerations not present in prior markets. With a quantitative investment approach, individual positions may move against the overall portfolio, due to new information or factors not considered or duly weighted in the original system. Furthermore, even in the case that future market conditions are similar to those in the past, it is possible that the Sub-Advisers have not created models of such conditions and markets with sufficient accuracy to generate profits or avoid losses. Moreover, the Sub-Adviser's methodology also involves elements of subjective analysis and judgment on the part of the Sub-Adviser and therefore depends upon the skill and judgment of the Sub-Adviser's personnel.

### **Automated Trading**

Sub-Advisers may use computers to automatically identify or execute trades in Managed Accounts. Such techniques rely heavily on the integrity of the software and hardware infrastructure involved as well as the measures taken to manage the risks of ill-advised trades, unsound strategies, system failure and unexpected investment losses. Some automated trading strategies operate too quickly or are too complex to allow even knowledgeable and alert investment professionals to detect poor trades before they are executed.

### **Lack of Liquidity**

An investment in the Funds involves limited liquidity, and interests in the Funds are not freely transferable. There is no market for interests, and none is expected to develop. Investors in the Funds may not be able to liquidate their investments in the event of an emergency or for any other reason. Withdrawal from the Funds by an investor is restricted by each Fund's respective limited partnership agreement.

As provided in each limited partnership agreement, it is possible that some or all of a distribution will be withheld until, among other things, a final determination has been made of the amount to be distributed, and such securities may still be distributed in kind (regardless of the degree of marketability of such securities) to withdrawing investors because of the impracticality of liquidating the underlying investments. There can be no

assurances that an investor will be able to sell the securities received for the amount at which the securities were valued for purposes of the withdrawal. Distributions, other than withdrawals, are at the discretion of each Fund's general partner. It is the intention of each general partner to accumulate capital in each respective Fund and not to make any distributions. In addition, investors who effect withdrawals from their capital accounts or who withdraw entirely from the Funds nevertheless may be subject to liability in the future for amounts that have been withdrawn. Liabilities may include, among others, tax claims, claims of the Fund's general partner for indemnification, and liabilities arising from litigation. Under certain circumstances, an investor seeking to withdraw from the Funds may be required to leave some or all of his capital in the Funds beyond the date designated for withdrawal.

### **General Market Risks**

Through diversification and professional management, the Funds seek to achieve reduced volatility and returns in excess of the risk-adjusted returns that typically would be expected to be achieved through a single-fund investment. The Registrant does not, however, structure the Funds' investments to emulate a particular market index or benchmark, and the Funds' performance over any particular period may be exceeded by the performance of alternative investments as measured by established indices.

### **Concentration of Assets among Managed Accounts and Sub-Advisers**

The Registrant attempts, through selection and appointment of the Sub-Advisers, to diversify the Funds' investments. There are no requirements, however, imposed on the Funds with respect to diversity among strategies or Sub-Advisers. The Registrant may invest in a limited number of strategies or with a limited number of Sub-Advisers. The degree of market, hedging and other risks to which the Funds is exposed is inversely proportional to the extent to which the Funds' investments are diversified. Notwithstanding the investment guidelines described herein, different Managed Accounts or Underlying Funds may hold the same securities, which might result in inadvertent concentration of the Funds' assets. The Funds may also invest in strategies or markets that underperform other strategies or general securities markets, which may or may not have been available to the Funds.

### **Securities**

Investments in securities involve substantial risks and may be subject to wide and sudden fluctuations in market value with resulting fluctuations in the amount of profits and losses. Securities interest prices also may be volatile. Similarly, the same factors that influence commodities interest pricing, described below, influence the securities markets.

### **Collateral**

Certain Funds have significant credit and operational risk exposure to counterparties, which will require the Funds to post collateral to support its obligations in connection with transactions involving forwards, swaps, futures, options, and other derivative instruments. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the Funds in connection with

such transactions. This could increase each Fund's exposure to the risk of a counterparty default since, under such circumstances, such collateral of the relevant Fund could be lost or the Fund may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of the Funds in preserving and protecting their portfolios.

### **Commodities and Futures Interests**

The prices of commodities and futures interests are volatile. The price movements for contracts are influenced by, among other things: changing trade, fiscal, monetary, and exchange control programs and policies of governments; domestic and foreign political and economic events and policies; changes in domestic and foreign interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. In addition, governments from time to time intervene directly and by regulation in certain markets. Such intervention is often intended to influence prices directly.

### **Securities and Commodities Interest Trading May be Illiquid**

It is not always possible to execute a buy or sell order at the desired price or to close out an open position due to market illiquidity. Such illiquidity can be caused by intrinsic market conditions, the interrelationship between the securities and commodities markets, or extrinsic factors like the imposition of daily price fluctuation limits. At various times, the markets for securities interests purchased or sold through the Managed Accounts or Underlying Funds may be "thin" or illiquid, making the purchase or sale of securities interests at desired prices or in desired quantities difficult or impossible. In addition, certain securities may have holding period requirements or other transfer restrictions that make them illiquid.

Most U.S. commodity exchanges limit fluctuations in certain exchange-traded futures contracts and options prices during a single day by imposing what are known as "daily price fluctuation limits," or "daily limits." The daily limit for a commodities/futures interest, which is set by the exchange, imposes a floor and a ceiling on the prices at which a trade may be executed, as measured from the last trading day's closing price. Once the price of a particular commodities/futures interest contract has increased or decreased by an amount equal to the daily limit, positions in such contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices in various commodities and futures interests have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Registrant from promptly liquidating unfavorable positions, and thus subject the Funds to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because they may prevent the liquidation of unfavorable positions.

In addition, even if commodities and futures interest prices have not moved the daily limit, the Sub-Advisers may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. It is also possible that an exchange or the

Commodity Futures Trading Commission (“CFTC”) could suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted.

### **Short Selling**

The Sub-Advisers may engage in short selling. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Dependence on short selling poses an additional risk, in that the rules on short selling may be subject to review in certain jurisdictions and its use consequently limited.

### **Cybersecurity Risks**

The Registrant, the Funds and their respective service providers are susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that we, the Funds and their service providers use to service the Funds' operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Registrant, the Funds and their service providers. Cyber-attacks against or security breakdowns of the Registrant, the Funds or their service providers may adversely impact the Funds and their investors, potentially resulting in, among other things, financial losses; the inability of the Registrant or the investors to transact business and the Funds to process transactions; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Funds and the Registrant may incur additional costs for cybersecurity risk management and remediation purposes. In addition, cybersecurity risks may also impact issuers of securities in which the Funds invest, which may cause a Fund's investment in such issuers to lose value. There can be no assurance that the Registrant, a Fund or its service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

- C. The Sub-Advisers generally pursue strategies in, but not limited to, equities, futures, currencies, and options thereon, but may be authorized by the Registrant, at its sole discretion, to pursue other strategies. In the context of the broad mandate with respect to the types of securities to be traded on behalf of the Funds, the risks that the Registrant believes to be most applicable to such securities are outlined above in Item 8.B.

## **Item 9 – Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either the Registrant or any of its management persons that are material to the Registrant’s advisory business.

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

- A. Neither the Registrant nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. The Registrant is registered with the CFTC and the National Futures Association as a Commodity Pool Operator and a Commodity Trading Advisor. The Funds rely on the pool exemption provided under CFTC Regulations 4.13(a)(3). In addition, some management persons of the Registrant are also registered Associated Persons with the CFTC.
- C. A number of actual or potential conflicts of interest have been identified between the Firm and the Funds. The following business arrangements are among those material conflicts of interests that should be considered by each prospective investor in such Funds:

### *Other Managed Investment Funds and Accounts; Other Businesses.*

The Firm currently serves as the general partner, investment adviser or investment manager to multiple Funds and Managed Accounts. The Firm may also participate in, or sponsor, other investment vehicles and have additional advisory accounts or clients (together with the existing Funds and Managed Accounts, the “Other Accounts”). The Firm may also decide to engage in other businesses. The existence of such present and future multiple investment vehicles, accounts and/or clients, or other businesses, may create a number of conflicts of interest. Currently, the Firm is a minority member (less than 10%) of Mana Partners LLC (“Mana”), a trading, technology and asset management company. Mr. Manoj Narang, the brother of Rishi K Narang, is the CEO of Mana. In the future, the Firm may choose to engage Mana on behalf of the Funds. If the Firm chooses to engage Mana on behalf of the Funds, the Firm would be entitled to a distribution of a portion of the fees paid by the Funds to Mana.

In addition, Mr. Rishi K Narang owns a minority interest (less than 10%) in Tradeworx, a financial technology company that operates a high-frequency proprietary trading business. The Firm may in the future choose to engage Tradeworx on behalf of the Funds. If the Firm chooses to engage Tradeworx on behalf of the Funds, Mr. Rishi K Narang would have an indirect interest in the fees paid by the Funds to Tradeworx,

through his equity ownership. These relationships with Mana and Tradeworx create incentives for the Firm to allocate Fund trading to Mana and Tradeworx.

Further, the existence of multiple investment vehicles, accounts and/or clients and other businesses may create conflicts as to time and resource commitments on the part of the Firm's personnel, including Mr. Narang. While Mr. Narang will devote such time to the business of the Registrant as he deems necessary, he will have other ongoing investment and business responsibilities, which could have the effect of reducing the time he devotes to the investment activities of the Registrant.

*Interested Investments and Other Investments with Sub-Advisers.*

The Registrant is not prohibited from investing the assets of certain Funds in investments that are affiliated with or otherwise related to the Registrant or one or more investors in such Funds. Conflicts of interest may arise with respect to any such investments. Additionally, the Registrant or its affiliates may also have direct investments with the Sub-Advisers outside the Funds. Although the Registrant monitors such situations in accordance with its internal policies and procedures, conflicts of interest may arise with respect to any such investments. *Strategy Funds.*

For certain investment mandates, and as disclosed in the relevant Funds' (the Trading Funds") private placement memoranda, the Registrant has created one or more "strategy funds" into which a portion of the Trading Funds' assets are invested. Although the Trading Funds are not subject to any management fee or performance fee or allocation with respect to an investment in any strategy fund, all Trading Funds are subject to their pro rata shares of the applicable strategy fund's expenses. When creating a strategy fund, the Registrant causes the transfer of certain Managed Accounts from the relevant Trading Funds to the relevant strategy fund. Although the Registrant believes that there are benefits to Fund investors from the use of a strategy fund, such benefits are offset by additional expenses that are borne by the Trading Fund as compared to the Trading Fund holding the relevant Managed Accounts directly. The Registrant will earn fees from such strategy funds with respect to investors in the strategy funds that might not have invested in the Trading Funds, which creates a conflict of interest for the Registrant in determining whether to implement a strategy through a strategy fund.

The Registrant is committed to fulfilling its fiduciary duty to its advisory clients and as such, has adopted policies and procedures that are designed to mitigate conflicts of interest, including those described above. Although the Registrant does select Sub-Advisers for certain of its Funds, such Sub-Advisers do not compensate the Registrant either directly or indirectly. The Registrant does not have any other relationships with such Sub-Advisers that create a material conflict of interest.

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

- A. The Registrant has adopted a Code of Ethics (the “Code”) to ensure that the Registrant fulfills its role as a fiduciary to the Funds. The Code also provides guidance and instruction to the Registrant and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the Funds, the Managed Accounts and each of their investors.

The Code contains provisions reasonably designed to: (i) prevent, among other things, improper trading by the Registrant’s employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the Funds or Managed Accounts. The Code attempts to accomplish these objectives by, among other things, (i) requiring pre-clearance of trades and purchasing securities in a limited offering (*i.e.*, a private placement), which includes documenting any exceptions to such pre-clearance requirement; (ii) restricting trading in certain securities that may cause a conflict of interest; (iii) generally prohibiting purchasing securities in an initial public offering; and (iv) requiring minimum holding periods of securities traded.

The Code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities; (ii) gifts and business entertainment; (iii) management of non-advisor managed accounts and other outside business activities; (iv) conflicts of interest; (v) confidential information; (vi) monitoring of Sub-Advisers’ activities; and (vii) reporting misconduct.

The Registrant will provide a copy of the Code to any investor or prospective investor in the Funds or Managed Accounts upon request.

- B. Neither the Registrant nor any of its related persons recommend to clients, or buys and sells for client accounts, securities in which the Registrant or a related person has a material financial interest.
- C. The Registrant and its related persons may own an interest in, or buy or sell for their own accounts, the same securities, which may be recommended, purchased or sold in the Funds or Managed Accounts. The Registrant mitigates this potential risk through the employment of its personal trading policies within the Registrant’s Code.
- D. It is important to note that employees of the Registrant are generally not permitted to buy or sell the same securities for their personal account at or about the same time as those securities recommended to the Funds, or bought or sold for Funds. As noted above, the Code requires employees to pre-clear personal trades and investment activity with the Registrant’s CCO.

## **Item 12 – Brokerage Practices**



- A. Broker-dealers are selected by the Registrant on the basis of obtaining the best overall terms available, which the Registrant evaluates based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services or other services or facilities provided by the broker or dealer that the Registrant considers to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Funds' overall selection criteria.

Portfolio transactions for the Funds are allocated on the basis of best execution and in consideration of an entity's ability to obtain access to a security, its facilities, reliability, and financial responsibility, and the provision or payment of the costs of research and other services or property that are of benefit to the Funds.

1. Generally, the Registrant does not, on behalf of any Funds, directly enter into any soft dollar arrangements. The Registrant delegates authority over the investments of the Funds to Sub-Advisers, which maintain complete discretion over the Funds' assets and use various executing broker-dealers. The underlying Sub-Adviser directs its clients' securities transactions to executing broker-dealers selected by the Sub-Adviser in its sole discretion and without the consent of the investors. In selecting Sub-Advisers, the Registrant indirectly selects executing broker-dealers.
  2. Client referrals are not considered in selecting or recommending broker-dealers.
  3. Generally, the Registrant does not allow "directed brokerage" by any investor, meaning that the Registrant does not allow any investor to direct the Registrant to execute all or a portion of the Funds' trades to one or more specified broker-dealer firms chosen by such investor.
- B. T2AM employs an investment structure whereby no two Funds managed by T2AM require aggregation. Furthermore, it is generally the Sub-Advisers to the Managed Accounts in which the Funds invest that generally exercise discretion in securities transactions.

### **Item 13 – Review of Accounts**

- A. The investment activity of the Funds is monitored on a daily basis by the Registrant's managing member and his investment team. The Sub-Advisers provide the Registrant with updated daily performance data for the Managed Accounts and, as applicable, the Underlying Funds, which the Registrant, in turn, compares to brokerage statements of each of the Managed Accounts and Underlying Funds. Such daily brokerage statements are used to generate a daily aggregate update of the performance of each applicable Fund.

The Registrant maintains such daily updates at its principal office, and such updates are available for review by investors. Additionally, investors of the Funds may request access to the Registrant's daily internal risk reports as well as monthly and daily performance reports of the Funds.

- B. In addition to the monitoring of the Funds' investment activity noted above in response to Item 13.A, Mr. Narang reviews Managed Account transactions on an ongoing basis.
- C. The Registrant provides each investor periodic reports no less frequently than annually. Such reports include financial statements and information concerning valuations, profits, gains and losses. The Funds are audited at least annually and each Funds' audited financial statements are distributed within 120 days of the end of each Fund's fiscal year, as further described in Item 15. Audited financial statements are prepared in accordance with generally accepted accounting principles. Further, unaudited statements are distributed by the Funds' administrator monthly to all Fund participants, members, other beneficial owners or their independent representatives.

As noted above, investors of the Funds may request access to the Registrant's daily or monthly internal risk reporting or performance reports.

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

- A. No one other than the Registrant's clients provide an economic benefit to the Registrant for providing investment advice or other advisory services to the clients.
- B. Neither the Registrant nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals. However, from time to time, the Registrant may compensate one or more placement agents for referrals of Fund investors.

#### **Item 15 – Custody**

The Registrant adheres to the applicable requirements of Rule 206(4)-2 of the Advisers Act of 1940, as amended (the "Advisers Act") with respect to each Fund for which it or an affiliate serves as general partner or managing member. The Registrant's Chief Financial Officer ("CFO") is responsible for ensuring that the Funds' securities, other than cash and "privately offered securities," are held only with a qualified custodian. The Registrant's CFO is also responsible for arranging for the annual independent audits of the Funds by BDO, LLP, an independent auditor of the Funds. The Registrant arranges for the delivery to all investors (or other beneficial owners) in each of the Funds such audited financial statements within 120 days of each Fund's fiscal year end.

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

The Registrant accepts discretionary authority to manage securities on behalf of some of its Funds through the investment management agreements with such Funds. The limitations with respect to such discretionary authority are outlined in each Fund's investment management agreement.

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

- A. The Registrant has discretionary authority over the securities held by the discretionary Funds, and therefore has proxy voting authority. Accordingly, the Registrant is subject to Rule 206(4)-6 under the Advisers Act (the “Proxy Voting Rule”). To meet the Registrant's obligations under the Proxy Voting Rule, the Registrant has delegated this authority on behalf of the Funds to the Sub-Advisers. Each Sub-Adviser exercises its authority to vote such proxies in accordance with the best interest of the Funds. The Sub-Advisers typically vote proxies in accordance with management's recommendation. The Sub-Advisers maintain and/ or provide the Registrant with regular reports on how each proxy, on behalf of the Funds, was voted, and maintain records of such proxy votes.

The Registrant's Chief Compliance Officer (“CCO”) is responsible for ensuring, if requested, that the Registrant provides investors with: (i) a description of the Registrant's proxy voting policies and procedures; and (ii) instructions about how investors may obtain information from the Registrant on how the Sub-Advisers voted with respect to their client's securities. The CCO is responsible for responding to requests from investors regarding how proxies were voted. In addition, the CCO is responsible for ensuring that a summary of the Registrant's proxy voting policies and procedures is disclosed in the Registrant's Form ADV.

- B. Not applicable.

#### **Item 18 – Financial Information**

- A. The Registrant does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore has not included a balance sheet.
- B. The Registrant does not believe that there are any conditions that are reasonably likely to impair the Registrant's ability to meet contractual commitments to clients.
- C. The Registrant has never been the subject of a bankruptcy petition.

#### **Item 19 – Requirements for State-Registered Advisers**

The Registrant is not registered with any state securities authority; therefore, this Item is not applicable.