

## **Item 1 - Cover Page**

### **Part 2A of Form ADV: ISF Management LLC Brochure**

**ISF Management LLC**  
**1345 Avenue of the Americas, 3<sup>rd</sup> Floor**  
**New York, NY 10105**  
**(646) 293-3700**  
**[www.isflp.com](http://www.isflp.com)**

**March 30, 2020**

**This brochure provides information about the qualifications and business practices of ISF Management LLC. If you have any questions about the contents of this brochure, please contact us at (646) 293-3700. 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. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.**

**Additional information about ISF Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 - Material Changes**

Since our last annual amendment in March 26, 2019 there have been no material changes to our advisory business. This brochure updates Item 4 – Regulatory assets under management.

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## Item 4 - Advisory Business

ISF Management LLC is a Delaware limited liability company formed in May 2000 to serve as the manager of pooled investment vehicles. Matthew Shefler is the sole member (and owner) of ISF Management and is the individual responsible for implementing the investment objectives and activities of the clients.

ISF Management implements the objectives of its clients by providing portfolio management services to pooled investment vehicles and Investment Companies registered under the Investment Company Act of 1940. ISF Management is the Management Company for the Investment Strategies Fund LP (the "Fund"), a limited partnership. The general partner of the Investment Strategies Fund LP is ISFGP LLC, a Delaware limited liability company (the "General Partner"). The sole member of the General Partner is Mr. Shefler (the "Fund Manager"). In his capacity as the sole member of the General Partner, Mr. Shefler is responsible for managing the General Partner and the Fund.

ISF Management does not participate in any wrap fee programs.

As of December 31, 2019, ISF Management managed on a discretionary basis client assets totaling approximately \$33 million.

## Item 5 - Fees and Compensation

### ***Management Fee***

ISF Management, subject to certain reductions, receives a management fee paid quarterly in advance equal to 0.25 of one percent (1% per annum) of the Fund's Net Asset Value (the "Management Fee"). The Fund is obligated to pay the Management Fee to ISF Management each quarter in advance.

In the event that ISF Management has received or will receive finder's or other similar fees in the course of its business, an amount equal to forty percent (40%) of such income, net of any related expenses, is and will be applied to reduce the Management Fee otherwise payable with respect to the remainder of the Fiscal Year in which such income is received. In addition to the foregoing, following the set-off against the Management Fee, any excess fee income for that fiscal year shall be carried forward to reduce future Management Fees.

In consideration for the payment of the Management Fee, in addition to implementing the investment objectives and activities of the Fund, ISF Management provides certain administrative services and bears limited administrative expenses of the Fund. Such expenses include the compensation of officers and employees of ISF Management engaged in providing services to the Fund, and office space for such officers and employees. Certain expenses, however, including office rent, may be included in brokerage commissions paid by the Fund. ISF Management shall not be responsible for any expenses of the Fund other than those specifically allocated to ISF Management in the Fund's Partnership Agreement.

ISF Management reserves the right to reduce, waive, assign, participate or otherwise share the Management Fee that ISF Management is entitled to receive with respect to any Limited Partner of the Fund without the consent of or obligation to provide notice to any Limited Partner.

### ***Incentive Allocation***

Additionally, the General Partner is entitled to an Incentive Allocation as of the close of each Fiscal Year (and as of each other date on which a determination of the Incentive Allocation is required to be made with respect to a Limited Partner) equal to twenty percent (20%) of the Net Profits allocable to each Limited Partner of the Fund for such year (or period ending on the determination date) in excess of any previously unrecovered Net Losses charged to such Limited Partner's Capital Account in prior years, adjusted for redemptions and distributions.

The General Partner reserves the right to reduce, waive, assign, participate or otherwise share the Incentive Allocation it is entitled to receive with respect to any Limited Partner of the Fund without

the consent of or obligation to provide notice to any Limited Partner.

### ***Expenses***

Certain expenses generally borne by ISF Management may be included in brokerage commissions paid by the Fund (e.g., office rent). ISF Management will not be responsible for any expenses of the Fund other than those specifically allocated to ISF Management in the Fund's Partnership Agreement.

The Fund, and not ISF Management, will be responsible for certain expenses, including the following: fees and expenses of any advisers and consultants to the Fund (including certain out-of-pocket expenses and fees incurred by the advisory committee); external legal, auditing, accounting and other professional fees and expenses (including costs of periodic updates to the offering and organizational documents of the Fund), out-of-pocket costs of reporting to regulatory authorities (including any and all regulatory, registration and compliance expenses incurred by the Fund, the General Partner, or their affiliates, as a result of carrying out the business and purpose of the Fund); taxes or governmental fees; fees and expenses of the Fund's custodians, subcustodians, transfer agents and registrars; expenses of registering or qualifying securities held by the Fund for sale; brokerage commissions; interest expenses; research, travel and other transaction costs and expenses incurred in connection with the acquisition, monitoring or disposition of any investments of the Fund; expenses of preparing and distributing reports and notices to Limited Partners; litigation or other extraordinary expenses; and costs of investors' and other meetings.

The custodian receives a monthly fee, which will be in accordance with reasonable and customary fees. Such fees will be calculated and is payable each calendar month. The custodian is also entitled to reimbursement of actual out-of-pocket expenses incurred on behalf of the Fund.

For more information on brokerage commissions, see the *Brokerage Practices* section below.

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

As discussed above in the *Fees and Compensation* section, the General Partner of the Fund is entitled to an Incentive Allocation as of the close of each Fiscal Year (and as of each other date on which a determination of the Incentive Allocation is required to be made with respect to a Limited Partner) equal to twenty percent (20%) of the Net Profits allocable to each Limited Partner of the Fund for such year (or period ending on the determination date) in excess of any previously unrecovered Net Losses charged to such Limited Partner's Capital Account in prior years, adjusted for redemptions and distributions.

The General Partner reserves the right to reduce, waive, assign, participate or otherwise share the Incentive Allocation it is entitled to receive with respect to any Limited Partner of the Fund without the consent of or obligation to provide notice to any Limited Partner.

Depending upon the Fund's rate of return, the allocation of Net Profit to the General Partner may constitute a higher rate of return to the General Partner than is found in many other investment alternatives. The return received by a Limited Partner in the Fund will be reduced as a result of the allocation to the General Partner of part of the Fund's Net Profit otherwise allocable to the Limited Partner. This method of compensating the General Partner may provide an incentive to the General Partner, and, in turn, ISF Management, to engage in a more speculative investment strategy than would be the case if the General Partner were not compensated on the basis of the Fund's performance.

In addition, because the Incentive Allocation is based on realized and unrealized appreciation of the assets of the Fund, Incentive Allocations credited to the General Partner may be greater than if such allocations were based solely on realized appreciation. The Incentive Allocation will generally be based on the performance experienced by each Limited Partner. In the event that losses are allocated to a Limited Partner in a subsequent period, the General Partner is not required to reduce Incentive Allocations credited in prior periods in respect of such Limited Partner. Any such losses, however, must be recovered before any subsequent Incentive Allocation may be credited to the General Partner in respect of such Limited Partner.

## Item 7 - Types of Clients

ISF Management's clients include the Investment Strategies Fund LP (the "Fund"), a limited partnership. ISF Management's Clients may also include investment companies registered under the Investment Company Act of 1940 as well as other pooled investment vehicles.

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

ISF Management believes every security has an intrinsic value in relation to its capital structure, asset base, and prospects for cash generation ("Value Investing"). In our view, the principal challenge of Value Investing is to ascertain whether the factors used to determine the price of a given security are, in fact, accurate and relevant. Accordingly, we invest in securities trading at a discount to their intrinsic value (and sell short securities trading at a premium) only if we believe there are compelling and timely reasons for it to be revalued by the Market.

We complement traditional Value Investing methods with highly interactive hands-on research and proprietary cash flow and income statement analysis and modeling techniques to assess a given company's prospects for recurring cash flow generation, revenue and earnings growth, capital funding, and the effectiveness of Management.

The Fund typically maintains a concentrated portfolio of 20-30 securities acquired at cash flow valuations selling at a discount to their intrinsic value (or at a premium when selling short). We may, however, invest a limited portion of Fund capital in securities of small capitalization, relatively under followed companies that do not trade at a discount to their intrinsic value should we believe these securities offer potential for very significant price appreciation. Given valuation and trading considerations, we limit our capital investment in both individual securities as well as our overall exposure in this area.

Investment positions are actively monitored and adjusted for risk/reward expectations subject to changes in price, valuation, material developments, and consensus perceptions. From time to time, we engage in constructive shareholder advocacy efforts.

### ***Investment Process***

ISF Management will generally utilize a variety of screening tools as well as its extensive network of investment and corporate contacts to identify publicly traded companies with sustainable core franchises and stable financial positions whose public securities are trading at attractive valuations.

ISF Management will then generally focus on those securities whose valuations have been affected principally by company-specific issues which may be misread or not yet widely understood by the Market.

ISF Management will generally initiate an investment position in a given security if the following conditions are satisfied (in the opinion of ISF Management):

- a new, more objective analytical framework exists, which if adopted by the Market, would achieve a materially higher valuation consensus;
- a high probability exists for this new framework to be adopted by the Market;
- an investment position can be established at prices that offer highly favorable returns and risk/reward parameters; and
- an initial target price, and an exit strategy or multiple exit strategies have been determined.

Once an initial investment position is established, ISF Management may conduct advocacy efforts, as needed. The efforts are typically non-adversarial.

In addition to the above strategies, ISF Management may (i) employ traditional leverage, which is a strategy that increases the potential for both reward and risk, and (ii) utilize derivative securities and other hedging techniques when deemed appropriate to assist in the mitigation of risk. The Fund Manager may utilize several investing styles to varying degrees at any given time and is not

restricted to any one investment approach.

ISF Management's investment approach may vary, and it may vary strategies as opportunities for profit arise from events such as initial public offerings, corporate restructurings, stock repurchases, dividend plays, mergers and acquisitions, breaking news, sudden price swings caused by quarterly earnings releases or earnings expectations, a short squeeze, or other event-driven situations.

Although longer-term gains are an objective of the Partnership, the Partnership will not be managed primarily for tax efficiency or diversity and the Partnership's portfolio turnover may be substantial.

### ***Risk Factors***

Although ISF Management will seek to reduce the risks associated with clients' investments, prospective clients should consider carefully, among other factors, the risks described below. Such risk factors are not meant to be an exhaustive listing of all potential risks.

- *Volatility of Financial Markets; Risks of Certain Investment Strategies.*

Market risk is a factor in any investment, and during the last several years, a high level of volatility in the financial markets has increased the risk. Continued volatility could disrupt the investment strategy, decrease the value of a client's portfolio, and impact profitability adversely. If ISF Management's evaluation of an investment opportunity should prove incorrect, the client could experience losses as a result of a decline in the market value of securities in which the client holds a long position or an increase in the value of securities in which the client holds a short position. The risk management techniques that may be utilized by ISF Management will not provide any assurance that a client will not be exposed to a risk of significant investment losses. ISF Management's investment programs are expected to utilize such investment techniques as options on securities, margin transactions, short sales, and leverage, which practices can, in certain circumstances, increase the adverse impact to which a client may be subject. The timing of such adverse impacts cannot be predicted and may result in substantial volatility in the performance of a client.

- *Discretion and Changes in Investment Strategy.*

ISF Management has considerable discretion in choosing the securities that will be acquired and has the right to modify the selection criteria or hedging techniques used by clients. Any of these investment techniques or analytical models may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to a client. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of an investment.

- *Special Situation Investments.*

Special situation investments can offer the opportunity for significant capital gains; however, such investments involve a high degree of business and financial risk that can result in substantial losses. A client may make speculative investments in companies whose capitalizations are limited and in companies operating at losses or with substantial variations in operating results from period to period. In addition, a client may invest in companies which are in the process of, or have recently undergone, a reorganization after a bankruptcy.

- *Short Sales.*

A short sale involves the sale of a security that is not owned in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, one must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the short seller. When a client makes a short sale in the United States, it must leave the proceeds thereof with the broker and it also must deposit with the broker an amount of cash or U.S. government securities or other securities sufficient under current margin regulations to collateralize the obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions are governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security and the possibility of incurring a substantial loss in covering the short sale. In addition, short sellers are subject to the risk of a "short squeeze." A

short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the stock that has been loaned at any time. In such event, a client would be required to replace the borrowed securities by borrowing the securities from another lender. It generally is more difficult to find securities that can be borrowed in the case of small- cap and mid-cap issuers. If a client were unable to replace the borrowed securities, it would be required to close out the short sale by buying the security in the market in order to make delivery. In such event, the client could incur a loss if the security sold short had increased in value. In addition, the client also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice.

- *Leverage.*

A client may leverage its investment positions by borrowing funds from securities broker-dealers, banks, or others. Such leverage increases both the possibility for profit and the risk of loss. Loans typically will be secured by the client's securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures the client's obligations, and if the client is unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the client's obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the client's profitability.

- *Risk of Operations/Liquidity Risks.*

Although many of the securities that a client may acquire will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the client to liquidate its positions and would thereby expose it to losses. In addition, some of the securities in which the client may invest may be thinly traded, restricted, or not traded in a public market potentially making it difficult for the client to dispose of a position at the time or price desired. In addition, a client may make certain private investment in public equity ("PIPE") investments. If it invests in PIPES, it is ISF Management's intention to do so only in situations in which the securities it would receive would be registered within a reasonably short time period after the closing of the transaction. However, there can be no assurance that this would happen in all instances. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. Moreover, there is a possibility that the institutions, including brokerage firms and banks, with which a client will do business or with which securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Partnership. A client will seek to mitigate this risk by selecting financially responsible brokers, clearing firms, and counterparties with which to do business.

- *Portfolio Turnover.*

A client will hold securities for varying lengths of time, and may, in some circumstances, engage in opportunistic short-term investing (i.e., holding securities for one to five trading days or even minutes) in times of market uncertainty and volatility. A change in the securities held by a client is known as "portfolio turnover." Portfolio turnover generally involves a number of direct and indirect costs and expenses to the client, including, for example, brokerage commissions, dealer mark-ups and bid/asked spreads, and transaction costs on the sale of securities and reinvestment in other securities. Such short-term sales may also result in realization of taxable capital gains including short-term capital gains, which, for taxpayers that are not corporations, are generally taxed to investors at tax rates higher than long-term capital rates.

Some of a client's investments may not demonstrate positive returns for a significant amount of time, if at all.

- *Risk of Global Investing.*

ISF Management may cause client's to invest in non-U.S. securities. Investments in foreign



securities may involve risks and considerations not present in U.S. investments. Since foreign securities generally are denominated and pay interest or dividends in foreign currencies, the value of the assets of a client as measured in U.S. dollars will be affected favorably or unfavorably by changes in the exchange rate between the U.S. dollar and other currencies. Currency exchange rates can be affected unpredictably by controls or restrictions imposed by U.S. or foreign central banks or other governmental agencies in joint or unilateral efforts to alter exchange rate trends. Political developments in the U.S. or abroad may also affect currency exchange rates. To the extent a client makes investments denominated in foreign currencies, it may be adversely affected by restrictions on the conversion or transfer of foreign currencies. In addition, there may be less publicly available information about foreign companies than U.S. companies. Foreign companies may not be subject to accounting, auditing, and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Many foreign securities markets have substantially less volume than U.S. securities markets and, therefore, securities of foreign companies are generally less liquid and at times their prices may be more volatile than securities of comparable U.S. companies. In addition, in many foreign markets there is less governmental supervision of exchanges, brokers and issuers than in the U.S. Although ISF Management will invest in securities of companies and governments in countries which it believes have stable political environments, there is a possibility of expropriation or confiscatory taxation, seizure or nationalization of foreign bank deposits, establishment of exchange controls, the adoption of foreign government restrictions or other adverse political, social or diplomatic developments that could adversely affect any such investment. Some of the securities may be subject to brokerage taxes levied by foreign governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income from foreign securities held by a client may be reduced by a withholding tax at the source. (Tax conventions between certain countries and the U.S., however, may reduce or eliminate such taxes, and some or all of such taxes may be creditable against the U.S. federal income tax liability of Partners that are U.S. taxpayers.)

- *Foreign Currency and Other Forward Contracts and Other Derivatives.*

ISF Management may cause a client to enter into foreign currency forward contracts (agreements to exchange one currency for another at a future date) to manage currency exchange rate risks, to protect against adverse changes in exchange rates and to facilitate transactions in foreign securities. Foreign currency forward contracts involve a risk of loss if currency exchange rates move against a client, unless such contracts are hedges of foreign currency risk of a client in its investments. For example, a client may experience a loss if it has a long position in a foreign currency and that currency's value in relation to the U.S. Dollar subsequently falls. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the client for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

It is contemplated that most forward contracts will be forward currency contracts with banks. There are no limitations on daily price moves of forward contracts. Banks are not required to continue to make markets in currencies. There have been periods during which certain banks have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the bank is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if such arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit the level of such forward trading to less than that which ISF Management would otherwise recommend, to the possible detriment of a client. Neither the Commodity Futures Trading Commission nor U.S. banking authorities regulate forward currency transactions through banks. In respect of such trading, a client is subject to the risk of bank failure or the inability of or refusal by a bank to perform with respect to such contracts.

- *Illiquid Securities.*

ISF Management intends to cause clients to invest primarily in publicly traded securities. In addition to investment in publicly traded securities, ISF Management expects to cause client's to invest in securities that are not publicly traded. These investments may include equities of public

companies purchased through private placements. ISF Management believes these types of transactions, known as PIPE transactions, may provide excellent investment opportunities. Generally, **PIPE** transactions provide for the privately purchased equities to be registered with the Securities and Exchange Commission within a reasonably short time period, thereby making the investment more liquid when such securities are registered. A client may also invest in private equities from time to time.

- *Risks of Options.*

ISF Management may cause a client to use options for hedging and non-hedging purposes to enhance investor returns. There are risks associated with the sale and purchase of call options and put options.

Investing in options can result in a greater potential for profit or loss than investing in the underlying securities. The value of an option may change because of a change in the value of the underlying securities, the passage of time, changes in the market's perception as to the future price behavior of the underlying securities, or any combination of the foregoing. In the case of the purchase of an option, the risk of loss of an option buyer's entire investment in the option (i.e., the premium paid and transaction charges) reflects the nature of an option as a wasting asset that may become worthless at its expiration. Where an option is written (or sold) uncovered, the option seller may be liable to pay substantial additional margin, and the risk of loss is theoretically unlimited, as the option seller will be obligated to deliver, or take delivery of, a security at a predetermined price, which may, upon the exercise of the option, be significantly different from its market value at the time the option was initially written (or sold).

- *Limited Diversification Risk.*

A client generally will hold a limited number of positions (both long and short) at any given time. As a result of this lack of diversification, a significant loss in any one position may have a material adverse effect on the value of the client's rate of return.

In addition, because the client's portfolio may be concentrated in a limited number of investments, the investment portfolio of the client may be subject to more rapid changes in value than would be the case if the client maintained a broad diversification among companies, sectors and types of securities. Accordingly, the client's performance will not necessarily correlate with the performance of the indices on the markets on which securities held by the client are traded.

- *Small and Medium Capitalization Companies.*

A client may invest a portion of its assets in the stocks of companies with small- to medium-sized market capitalizations. While ISF Management believes that such companies often provide significant potential for appreciation, those stocks, particularly small-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

- *Hedging Transactions.*

ISF Management may use certain transactions as hedges against adverse market fluctuations. Hedging does not prevent losses, but it is designed to reduce them. At the same time, hedging may reduce the opportunity for gain because an offsetting position may generate a loss, though the portfolio generated a gain.

## Item 9 - Disciplinary Information

ISF Management has no legal or disciplinary events for which disclosure under this item is applicable. None of ISF Management, its affiliates, and any of their management persons has any legal or disciplinary events that are material to a client's or prospective client's evaluation of ISF

Management's advisory business.

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

ISF Management LLC is not a broker dealer; nor is ISF Management affiliated with any broker dealer. None of ISF Management's management persons is a registered representative of a broker dealer.

ISF Management is the Management Company for the Investment Strategies Fund LP, a limited partnership. The general partner of the Investment Strategies Fund LP is ISFGP LLC. The sole member of both ISF Management LLC and ISFGP LLC is Mathew Shefler. In his capacity as the sole member of the General Partner, Mr. Shefler is responsible for managing the General Partner and the Fund.

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

ISF Management has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with ISF Management, and establishes procedures intended to prevent ISF Management, and its personnel and certain of their relatives, from inappropriately benefiting from ISF Management's relationships with its clients. The Code provides that (i) ISF Management's clients' interests come before ISF Management's or employees' interests; (ii) ISF Management must disclose to clients all material facts about conflicts of which it is aware between ISF Management's and its employees' interests on the one hand and clients' interests on the other; (iii) employees must operate on ISF Management's and their own behalf consistently with ISF Management's disclosures to and arrangements with clients regarding conflicts and its efforts to manage the impacts of those conflicts; (iv) ISF Management and its employees must not take inappropriate advantage of ISF Management's clients or their positions of trust with or responsibility to clients; and (v) ISF Management and its employees must comply with all applicable securities laws. The Code generally prohibits employees from trading in any securities held by client accounts and requires employees to report personal securities holdings on an annual basis. In addition, ISF Management monitors all employees' securities transactions: employees must arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer. The Code includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or ISF Management's recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from ISF Management's Chief Compliance Officer (or his or her designee) before they buy or sell any security (other than certain government securities, shares of mutual funds not managed by ISF Management, and certain other types of securities that ISF Management does not believe create a potential for conflicts of interest). Pre-cleared transactions must be completed within a specified time frame. The Code also contains restrictions on and procedures to prevent inappropriate trading while ISF Management is in possession of material nonpublic information.

ISF Management will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written request to ISF Management at the address on the cover page to this brochure.

## **Item 12 - Brokerage Practices**

All orders for the purchase or sale of portfolio securities will be placed on behalf of the clients by ISF Management. In selecting broker-dealers, ISF Management will, subject to applicable legal limitations, consider various relevant factors, including, but not limited to, the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the execution efficiency, responsiveness, settlement capability, and financial condition of the broker-dealer; the broker-dealer's execution services rendered on a continuing basis; and the reasonableness of any commissions. Commissions for non-U.S. investments traded on foreign exchanges generally will be higher than for U.S. investments and may not be subject to

negotiation.

If, in good faith, ISF Management considers it to be in the best interests of a client to do so, ISF Management may enter into "soft dollar" arrangements with one or more broker-dealers in order to obtain research and other products and services used in the investment decision-making process. Soft dollar transactions will be effected only in compliance with the safe harbor provided by Section 28(e) of the Exchange Act. ISF Management may deem the soft dollar arrangements provided by the broker-dealer to be an important consideration when effecting a trade. As such, ISF Management may pay higher commissions than would be obtainable for execution by other broker-dealers where soft dollar arrangements are not obtainable in recognition of the value of the useful information and other services provided by such brokerage firms. In paying such higher commissions, ISF Management will make a good faith determination that the higher commission is reasonable in relation to the value of the services provided viewed in terms of either that particular transaction or ISF Management's overall responsibilities with respect to all the portfolio transactions of a client. ISF Management believes that access to independent research and other services provided by brokers is an important resource for its research and investment processes. Clients authorize ISF Management to use brokerage commissions paid by the client for soft dollar services. The use of soft dollar services presents certain conflicts of interests for ISF Management as some of the soft dollar services may be used to cover expenses that, in the absence of such soft dollar arrangements, are otherwise borne directly by ISF Management.

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

Client investment positions are actively monitored and adjusted for risk/reward expectations subject to changes in price, valuation, material developments, and consensus perceptions. From time to time, ISF Management engages in constructive shareholder advocacy efforts.

At the end of each Fiscal Year, the Fund's financial statements are examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each Limited Partner as soon as practicable after the end of each Fiscal Year. Unaudited quarterly performance reports also will be provided to each Limited Partner of the Fund.

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

ISF Management currently utilizes the services of Asset Alliance Advisors Inc., (the "Marketer") a FINRA registered broker-dealer, for solicitation of investors for its fund. ISF Management pays to the Marketer a portion of fees earned by ISF for any investors introduced by the Marketer. In such cases where an investor is referred to ISF Management by the Marketer, this practice is disclosed in writing to the investor and ISF Management complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

ISF Management does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to ISF Management's clients.

### **Item 15-Custody**

ISF Management obtains custodial, clearing, settlement and related services on behalf of the Fund through what is known as a "prime brokerage" arrangement. Under that arrangement, a single brokerage firm (the "Prime Broker") maintains custody of the Fund's assets (either directly or through its clearing brokerage firms). The clearing firm's are "qualified custodians" and maintains custody of the Funds' funds and securities in separate accounts for the Fund.

At the end of each Fiscal Year, the Fund's financial statements are examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each Limited Partner as soon as practicable after the end of each Fiscal Year. Unaudited quarterly performance reports also will be provided to each Limited Partner of the Fund.

### **Item 16 - Investment Discretion**

ISF Management LLC is the Management Company for the Investment Strategies Fund LP, a limited partnership. The general partner of the Investment Strategies Fund LP is ISFGP LLC. The

sole member of both ISF Management LLC and ISFGP LLC is Mathew Shefler. In his capacity as the sole member of the General Partner, Mr. Shefler is responsible for managing the General Partner and the Fund. The General Partner has discretionary authority to manage the security portfolio of the Fund.

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

ISF Management has adopted policies and procedures that address generally the guidelines it expects to follow in the exercise of its voting authority over proxies it receives from time to time on behalf of clients. ISF Management will vote client proxies in the best interest of its clients. ISF Management will consider a number of factors to determine whether exercising the clients' voting rights as to its securities is in the relevant clients' best interest, such as whether the securities are being held for a short or long period of time.

When voting a proxy, ISF Management will generally follow its voting guidelines. ISF Management attempts to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict of interest over proxy voting arises between ISF Management and a client, ISF Management will seek to resolve the conflict and vote the proxies in a manner that is in the relevant clients' collective best interests. ISF Management will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by submitting a written request to ISF Management at the address on the cover page to this brochure.

## **Item 18 - Financial Information**

ISF Management does not have any financial condition that is reasonably likely to impair ISF Management's ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.

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

ISF Management is not registered with any state. Therefore, ISF Management has no information applicable to this item.