

## **BROCHURE OF**

# **NEWGEN ASSET MANAGEMENT LIMITED**

A Canada corporation registered with the U.S. Securities and  
Exchange Commission as an investment adviser  
CRD# 163822

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Commerce Court North  
Suite 2900  
Toronto, Ontario  
Canada M5L 1G3  
Tel: 416-941-9111

March 27, 2020

**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF NEWGEN ASSET MANAGEMENT LIMITED (THE “FIRM”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 416-941-9111.**

**THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AUTHORITY. ANY REFERENCE TO OR USE OF THE TERMS “REGISTERED INVESTMENT ADVISER” OR “REGISTERED” DOES NOT IMPLY THAT THE FIRM OR ANY PERSON ASSOCIATED WITH THE FIRM HAS ACHIEVED A CERTAIN LEVEL OF SKILL OR TRAINING.**

**ADDITIONAL INFORMATION ABOUT NEWGEN ASSET MANAGEMENT LIMITED IS AVAILABLE ON THE SEC’S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about Firm.

## **Item 2. Material Changes**

This brochure (“Brochure”) is dated March 27, 2020 and is the annual updating amendment to the prior Brochure, dated April 15, 2019, and contains the following changes, which the Firm (as defined herein) does not believe are material:

Certain additional disclosure information regarding the Firm’s advisory business, fees, investment strategies, brokerage practices, risks and conflicts of interest.

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#### **Item 4. ADVISORY BUSINESS**

NewGen Asset Management Limited (the “Firm”) is a Canada domiciled corporation, which was formed on September 25, 2009. The Firm is a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser. Registration as an investment adviser does not imply a level of skill or training. The Firm’s principal owners are David Dattels (55%), Christopher Rowan (22.5%) and Norman Chang (22.5%).

The Firm currently provides portfolio management services to pooled investment vehicles and separately managed accounts. Currently, the Firm provides portfolio management services for NewGen Equity Long/Short Fund Ltd., a Cayman Islands domiciled exempted company, NewGen Equity Long-Short Fund LP, Newgen (Offshore) LP, NewGen Equity Long-Short Fund RRSP and NewGen Alternative Income Fund (collectively, the “Funds”), and one or more managed accounts or sub-advised accounts (the “Managed Accounts”, and together with the Funds, the “Clients”), pursuant to investment advisory agreements. Of the Funds, only NewGen Equity Long/Short Fund Ltd. is available to U.S. investors; references herein to the Funds and their Offering Documents generally refer only to NewGen Equity Long/Short Fund Ltd. Investors should carefully review all Fund Offering Documents prior to investment.

The Firm does not hold itself out as specializing in a particular type of advisory service. Advisory services include among other things, providing advice regarding asset allocation and the selection of investments. Decisions relating to investment advice are based on an analysis of the merits of the investment involved and on the investment guidelines and restrictions of the Client. The Firm provides discretionary investment advisory services to all fee paying Client accounts. Lower fees for comparable services may be available from other sources. In certain circumstances, particularly with respect to Managed Accounts, the Firm will tailor its advisory services. Additionally, Clients may impose restrictions on investing in certain securities or certain types of securities.

The Firm does not participate in wrap fee programs.

As of December 31, 2019, the Firm managed approximately \$440,373,000 on a discretionary basis and \$0 on a non-discretionary basis. Approximately \$27,000,000 of such assets are attributable to U.S. investors in NewGen Equity Long/Short Fund, which currently is the only Fund available to U.S. investors, and approximately \$25,381,000 of such assets are attributable to a Managed Account.

#### **Item 5. FEES AND COMPENSATION**

All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other performance/incentive fee/allocation arrangements with the Client.

Management fees for the Funds or Managed Accounts are calculated based on a periodic percentage of the value of the assets under management.

The Firm may also receive a performance-based fee or incentive fee/allocation which is tied to the capital appreciation within a Client account as evaluated at the end of each calendar year. Please refer to Item 6, below, for a more detailed description of such performance-based fees, and related conflicts of interest.

The relevant Offering Documents (as defined below) of each of the Funds fully disclose the terms of the compensation collected by the Firm on behalf of each respective Fund. In general, the Firm charges the Funds a monthly management fee. The monthly management fee charged to the Funds is typically equal to two (2) percent annually of assets under management. Such fees may be charged monthly or in arrears.

The relevant investment advisory agreements for each Managed Account fully disclose the terms of the compensation collected by the Firm on behalf of each respective Managed Account, including the management fees. Managed Accounts will pay management fees, in advance or in arrears, according to the terms of the applicable investment advisory agreement, each of which is individually negotiated.

The Firm will be responsible for its own general operating and overhead expenses associated with providing the portfolio management services. These expenses include all expenses incurred by the Firm in providing for its operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, computer systems, insurance, utilities, telephone, secretarial and bookkeeping services, etc.). Nonetheless, the Funds and any pooled vehicle which may be organized in the future will bear their own expenses as further described in the relevant Offering Documents.

Termination terms are specified in the relevant Offering Documents or investment advisory agreements.

No supervised person accepts compensation for the sale of securities or other investment products with respect to U.S. investors in the Funds.

## **Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In addition to the above management fees, the Firm shall charge the relevant Funds an amount up to or equal to twenty (20) percent of their respective net income on an annual basis. The specific terms of the performance-based compensation are set forth in the relevant Offering Documents (as defined below) of the respective Funds. For example, the performance-based compensation may be subject to high water marks or other provisions.

The Firm receives a mutually agreed upon periodic performance-based fee for each Managed Account, according to the terms of the applicable investment advisory agreement, each of which is individually negotiated.

Performance-based compensation is drawn from Client accounts either in the form of an incentive fee or a profit allocation (sometimes referred to as “carry” or “carried interest”).

The Firm's receipt of performance-based compensation is intended to align the Firm's interests with those of its Clients, and, to provide the Firm with a greater incentive to manage assets well. The nature of the performance-based compensation, however, creates potential conflicts of interest among the Firm, its associated persons, and Clients. The existence of performance-based compensation may create an incentive for the Firm and the individuals who are entitled to receive a portion of such compensation to manage investments in a riskier or more aggressive manner than they might otherwise do in the absence of performance-based compensation. To the extent the Firm values any such securities or instruments, it has a conflict of interest as the Firm will receive higher management fees and performance-based compensation if it gives such securities and instruments a higher valuation. The Firm may receive increased compensation with regard to unrealized appreciation as well as realized gains in a Client's account, depending on the specific time periods and the nature of any returns.

In addition, in the event that the Firm manages an account from which it collects performance-based compensation and also manages at the same time an account from which it does not collect performance-based compensation, the Firm has an incentive to favor accounts for which it receives the performance-based compensation because it will receive a greater profit from the accounts which are charged performance-based compensation. Therefore, the Firm has an incentive to allocate investments that are expected to be more profitable to accounts from which it collects performance-based compensation, on the one hand, and that are riskier on the other hand, since in both scenarios, the Firm may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, the Firm does not favor accounts that pay performance-based compensation.

Again, the specific details regarding any performance-based compensation are set forth in the respective Client's governing documents. Investors in the Funds should refer to the relevant Fund's limited partnership agreement (if any), investment management agreement, and/or private placement memorandum and any amendments or supplements thereto (the "Offering Documents"). Investors in a Managed Account should refer to the relevant Managed Account's investment advisory agreement.

## **Other Costs**

Clients also incur third-party brokerage commission and other transaction costs, as explained in further detail in the **Brokerage Practices** section below, which discusses conflicts of interest related to brokerage practices. Additional third-party costs related mainly to custody, audit, administration, legal advice, tax advice and preparation, banking services, and research and consulting shall also apply for investors in the Funds. In some cases, the Funds may also be billed to reimburse the Firm for certain transaction-related travel expenses. In all cases, details concerning applicable fees and expenses are set forth in the respective Funds' Offering Documents.

## **Item 7. TYPES OF CLIENTS**

As discussed in the **Advisory Business** section above, the Firm currently provides investment management services primarily to the Funds, which in turn are offered exclusively to

sophisticated investors, and Managed Accounts. Although the Firm generally seeks minimum account commitments from its investors in the Funds of CAD \$5,000 (except in the case of the NewGen Equity Long/Short Fund Ltd., which is the Canadian Dollar equivalent of USD \$100,000), it can waive such minimums in its discretion (in the case of the NewGen Equity Long/Short Fund Ltd., subject to the statutory minimum required in accordance with Cayman Islands law). For further information, please see the respective Funds' Offering Documents.

The Firm does not impose any specific requirement to open or maintain a Managed Account, as the terms regarding each Managed Account Client are individually negotiated.

## **Item 8. INVESTMENT STRATEGIES AND RISK OF LOSS**

The investment strategy employed by the Firm has its own set of risks, but in all cases, the Firm's strategies involve a risk of loss that clients should understand and be prepared to bear.

The Firm shall provide investment management services to the Funds and Managed Accounts and may also manage other accounts and/or establish other private investment funds in the future.

The Firm's principal investment objective is to achieve superior absolute returns through an opportunistic trading strategy designed to exploit short-term market inefficiencies. The Firm will implement a number of investment techniques in pursuing the investment objectives. Such techniques may include investing both long and short, engaging in hedging strategies in order to mitigate market exposure, investing in listed and over-the-counter derivative instruments and arbitrage strategies (e.g., establishing simultaneous long and short positions in order to capture mispricing of assets) and employing leverage in the implementation of the foregoing investment strategies.

An investment in the Funds also involves a number of material risks, including, but not limited to: the lack of a liquid public market for interests of the Funds; restrictions on the ability of investors in the Funds to withdraw or redeem their capital; and the ability of the Firm and its investment professionals to correctly identify and assess good investment opportunities, particularly given the often early stage of development of the businesses invested in, their frequent need for additional capital and the often rapidly shifting dynamics and intense competition that characterize the industries in which they operate.

A more complete discussion of the investment strategy and the risks involved is contained in the respective Offering Documents for the relevant Fund and should be read by prospective investors carefully.

### **General Risk Factors**

Below are general risk factors for both the Funds and Managed Accounts.

*Equity Securities, Derivatives.* Clients may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Client may suffer losses if the Client invests in equity instruments of issuers whose performance diverges from the Firm's expectations or if

equity markets generally move in a single direction and the Firm has not hedged against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

The Firm may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives. These may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Using derivative instruments has various risks. These include the following:

*Tracking.* When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Firm from achieving the intended hedging effect or may expose a portfolio to the risk of loss.

*Liquidity.* Derivative instruments, especially when traded in large amounts, may not always be liquid. Hence in volatile markets, the Firm may not be able to close out a position without incurring a loss. In addition, exchanges on which the Firm conducts its transactions in certain derivative instruments may have daily limits on price fluctuations and speculative positions limits. These limits may prevent the Firm from liquidating positions promptly, thereby subjecting a portfolio to the potential of greater losses.

*Leverage.* Trading in derivative instruments can result in large amounts of leverage. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Client account. This could subject account's value to wider fluctuations than would be the case if the Firm did not use the leverage feature in derivative instruments.

*Over-the-Counter Trading.* Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over-the-counter instruments, unlike exchange-traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on and over-the-counter instrument may be greater, and the ease with which the Firm can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with those instruments.

*Concentration of Investments.* The Firm implements its investment strategy in a manner which, in light of investment considerations, market risks and other factors, it believes will provide the best opportunity for attractive risk-adjusted returns in the value of a Client's assets. The concentration of a Client's portfolio in any manner described above would subject the Client to a



greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or sector.

*Short Sales.* Short sales by Client accounts that are not made “against the box” create opportunities to increase such accounts’ return, but at the same time involve special risk considerations and may be considered a speculative technique. Because a Client account does not need to invest the full purchase price of the securities on the date of the short sale, the value of its shares will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than would otherwise be the case had it not engaged in those short sales. Theoretically, short sales involve unlimited loss potential, as the market price of securities sold short may increase continuously. However, a Client may mitigate those losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions a Client might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. Short sales may be used with the intention of hedging against the risk of declines in the market value of a Client’s long portfolio, but there is no guarantee that such hedging operations will be successful.

*Investments in Securities and Other Assets Believed to Be Undervalued:* The Firm’s investment strategy contemplates that a portion of Client portfolios may be invested in securities and other assets that the Firm believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Client’s investments may not adequately compensate for the business and financial risks assumed. Current and future economic conditions may severely disrupt the markets for such investments and significantly impact their value. In addition, any such economic downturn can adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Client may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Client’s funds would be committed to the investments made, thus possibly preventing the Client from investing in other opportunities.

*Investment Flexibility.* The Firm has broad and flexible investment authority, as provided in the Fund’s Offering Documents or the Managed Accounts investment advisory agreements. In particular a Client may not be required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of such Client’s portfolio which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities.

*Dependence on Key Personnel.* The Firm’s investment activities depend on the experience and expertise of its principals. If a principal leaves the Firm, this may have a material adverse effect on Client accounts.

*Overall Investment Risk.* All investments in securities risk the loss of capital. There may be increased risk due to the nature of the securities to be purchased and traded by Client accounts and the investment techniques and strategies used to try to increase profits. While the Firm will devote its best efforts to the management of Clients' portfolios, it cannot give an assurance that Client accounts will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

*Market Risks and Liquidity.* In large measure the profitability of a significant portion of the Firm's investment strategy depends on correctly assessing the future course of the price movements of securities and other investments. There is no assurance that the Firm will be able to accurately predict those price movements. Although the Firm may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some and occasionally a significant degree of market risk. Furthermore, the Firm may be adversely affected by a decrease in market liquidity for instruments in which it invests on behalf of Clients, which may impair its ability to adjust the Client accounts' positions. The size of a Client's positions may magnify the effect of a decrease in market liquidity for those instruments. Changes in overall market leverage, de-leveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect a Client's portfolio. Some of the underlying investments of a Client may not be actively traded and there may be uncertainties involved in valuing those investments.

*Risks of Global Investing.* The Firm invests in various capital markets throughout the world. As a result, Client accounts are subject to risks relating to the following:

- (i) currency exchange matters, including fluctuations in the rate of exchange between the base currency of a Client account and various other currencies in which its investments may be denominated, and costs associated with converting investment principal and income from one currency into another; and
- (ii) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, those investments.

In addition, investing in some of these capital markets involves factors not typically associated with investing in established securities markets. These include risks relating to the following:

- (i) differences between markets, including potential price volatility in and relative illiquidity of some securities markets;
- (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation; and
- (iii) certain economic and political risks, including potential exchange control regulations or restrictions on investment and repatriation of capital.

*Currency Risks.* Part of a Client's assets may be invested in securities denominated in various currencies and in other financial instruments, the price of which will be determined with reference to those currencies. The Firm may use forward-currency contracts and options to hedge against currency fluctuations in such Client accounts, but there is no guarantee that such hedging transactions will be effective.

*Counterparty and Settlement Risk.* Due to the nature of some of the investments that the Firm may make for a Client account, such account may rely on the ability of the counterparty to a transaction to perform its obligations. If that party fails to complete its obligations for any reason, the Client may suffer losses and therefore be exposed to a credit risk on the counterparties with which it trades. The Client will also bear the risk of settlement default by clearing houses and exchanges. A default by a counterparty or a default on settlement could have a material adverse effect on a Client account.

*Investment Expenses.* The investment expenses (e.g., expenses related to the investment and custody of Client assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Client fees may, in the aggregate, constitute a high percentage relative to other investment entities. Clients will bear these costs regardless of their profitability.

*Supervision of Trading Operations.* The Firm, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in Client accounts to ensure compliance with their objectives. Despite the Firm's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in Client accounts.

*Use of Automated Order Routing and Execution Systems Generally.* The Firm may use automated order routing and execution systems in its trading. Such systems are typically provided on an "as is" basis. Such systems may experience technical difficulties which may render them temporarily unavailable. In addition, such systems may fail to properly perform. Such failures may result in losses to Clients, for which losses the providers of such services have disclaimed all liability. In an effort to mitigate such risks, the Firm intends to closely monitor trades executed through automated order routing and execution systems and the operation of the systems themselves.

*Electronic Trading Facilities.* The Firm may make use of electronic trading facilities (including ECNs), which are generally supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system (including an ECN) may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. The Firm, in undertaking transactions on an electronic trading system, will expose Clients to risk associated with the system including the failure of hardware and software. The result of any system failure may be that a Client's order is either not executed according to its instructions or is not executed at all. The Firm's ability to limit or recover certain losses may be subject to limits on liability imposed by, without limitation, foreign or domestic law or regulation, the Firm's or broker's internet

service provider, other systems providers, market factors, foreign or domestic banking or other market regulations and/or telephonic or other communications providers, foreign or domestic.

*Technology Risk.* The Firm's investment strategy may rely on the use of proprietary and non-proprietary hardware, software, data and intellectual property. Any such reliance on this technology and data is subject to a number of important risks. First, Clients may be severely and adversely affected by the malfunction of the technology and/or data feed. For example, an unforeseeable software or hardware malfunction could occur, as a result of a virus or other outside force, or as result of a design flaw in the system or in its continued implementation. In addition, changes in the market for publicly available data or in regulatory reporting requirements could cause a severe diminution in the data available for the technology to operate as designed. Such events can also have dramatically negative consequences for Clients. Furthermore, if any of the software, hardware, data and/or other intellectual property is found to infringe on the rights of any third party, Clients could be severely and adversely affected.

*Trading Errors.* The Firm's trading systems rely on the ability of the Firm's personnel to accurately process such systems' outputs and to use the proper trading orders, including stop-loss or limit orders, to execute transactions. In addition, the Firm relies on its staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. The Firm's systems are accordingly subject to human errors, including the failure to implement, or the inaccurate implementation of any of the Firm's systems, in addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect performance.

*Cybersecurity Breaches and Identity Theft.* The Firm'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 Firm 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 Firm 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 Firm'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 Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Additionally, any failure of the Firm's information, technology or security systems could have an adverse impact on the Firm's ability to manage its investments which may negatively impact the value of such investments.

*Epidemic or Serious Public Health Event Risk.* The Firm's business may be affected by outbreaks of an infectious disease, pandemic or any other serious public health concern, including diseases such as severe acute respiratory syndrome, avian influenza, H1N1/09, and, most recently, the coronavirus COVID-19, or other similarly infectious diseases. Such events have the potential to significantly adversely affect or cause uncertainty in financial markets and businesses, including the Firm's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and

closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Any of the foregoing may therefore materially adversely affect the performance of the Firm, its affiliates, personnel, the Clients, and their respective investment activities. The Firm has policies and procedures to address known situations, but because such an event may create significant market and business uncertainties and disruptions, the Firm cannot predict the likelihood of such epidemics or serious public health events occurring in the future nor how such events may affect the Clients.

The Firm's investment strategy involves a risk of loss that clients should understand and be prepared to bear.

#### **Item 9. DISCIPLINARY INFORMATION**

Neither the Firm, nor any of the partners, officers or employees of the Firm, has been involved in any legal or regulatory action, or other disciplinary event that is material to an investor's/Client's or prospective investor's/Client's evaluation of the advisory business or management of the Firm.

#### **Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- (A) Except with respect to the Firm's status as an Exempt Market Dealer in Canada, the Firm and its management persons are neither registered, nor do they have any applications pending, with a broker-dealer or registered representative of a broker-dealer.
- (B) The Firm and its management persons are neither registered, nor do they have any applications pending, as a Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), Commodity Trading Advisor (CTA), or as an associated person of the foregoing.
- (C) The Firm and/or its management persons have no relationships or arrangements with other firms that are material to its advisory business or to its Clients, other than those disclosed in Item 4 above.
- (D) The Firm does not recommend or select other investment advisers for Clients.

#### **Item 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm maintains a code of ethics (the "Code"), which includes policies regarding the trading of securities in personal brokerage or similar accounts by its principals and employees. The Code is available upon request to Clients and prospective Clients. The Code does not restrict the Firm principals, members and employees from maintaining or trading in such accounts, but establishes that any activity that either abuses confidential knowledge about client accounts or attempts to profit at their expense is considered an abuse of the foundation of trust upon which the Firm's business is built and is strictly prohibited. In general, all the Firm directors, members and employees are required to submit annual reports on all securities holdings and periodic reports on all security transactions in accounts controlled either directly or indirectly. Submitted reports are

reviewed by the Chief Compliance Officer, or his/her delegate. Violations of policy are punishable by sanctions, including fines, up to and including termination of employment.

Neither the Firm, nor any affiliate or employee, is required to manage a Client account as its sole and exclusive function. In addition to managing Client accounts, the Firm and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

*Participation or Interest in Client Transactions, and Personal Trading.* The Firm recognizes that the personal securities transactions of its employees demand the application of a high code of ethics, and the Firm requires that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, the Firm believes that if investment goals are similar for Clients and for employees of the Firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to address conflicts of interest, the Firm has adopted a set of procedures, included in its Code, with respect to transactions effected by its officers, directors, partners, members and employees (“Employees”) for their personal accounts. In order to monitor compliance with its personal trading policy, the Firm has adopted a securities transaction reporting system for all of its Employees. Employees can invest in the same securities (or related securities, e.g., warrants, options or futures) recommended to Clients, subject to the provisions of the Code to address conflicts of interest that may arise, and subject to the prohibition in the Code with respect to transacting such investments in such securities on the same date that a Client makes a transaction in such securities.

## **Item 12. BROKERAGE PRACTICES**

The Firm has discretion over the selection of brokers used for securities transactions in its private Clients’ accounts, unless, if specified in the applicable investment advisory agreement, a particular Client is authorized to instruct the Firm to execute some or all securities transactions for its account with or through one or more brokers designated by such Client. Where the Firm has such discretion, it will seek to obtain best execution, and its selection of brokers will take into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the Firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria. With respect to any of the relevant Funds’ brokerage practices, please see such Funds’ Offering Documents.

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

The term “soft dollars” refers to the receipt by an investment manager or adviser of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager’s clients. Section 28(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), provides a “safe harbor” to

investment managers who use soft dollars generated by their advised accounts to obtain brokerage and research products and services. Brokerage products and services must relate to the execution, clearance and settlement of trades. Research products and services must provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities, and include both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. The Firm will only use soft dollars within the safe harbor afforded by Section 28(e) of the Exchange Act. Although the Firm will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between the Firm and its Clients.

- (a) When the Firm uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because the Firm does not have to produce or pay for the research, products or services.
- (b) The Firm may have an incentive to select or recommend a broker-dealer based on the Firm’s interest in receiving the research or other products or services, rather than on Clients’ interest in receiving most favorable execution.
- (c) The Firm may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).
- (d) The Firm may use soft dollar benefits to service all Clients or only those Clients that paid for the benefits. The Firm may or may not seek to allocate soft dollar benefits to Clients proportionately to the soft dollar credits the accounts generate.
- (e) The types of products and services the Firm or any related persons acquired with Client brokerage commissions (or markups or markdowns) within the Firm’s last fiscal year are described in this Item 12.
- (f) The procedures the Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits the Firm received are described in this Item 12.

If applicable, the use of brokerage commissions to obtain investment research services and to pay for their own administrative costs and expenses creates a conflict of interest between the Firm, on the one hand, and its Clients, on the other, because the Client pays for such products and services that are not exclusively for the benefit of the Client and that may be primarily for the benefit of Firm or other Clients. For further disclosure with respect to any of the relevant Funds’ conflicts of interest and risks, please see such Fund’s Offering Documents.

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

In selecting or recommending broker-dealers, the Firm may consider whether such brokers or other persons introduce Clients to the Firm, consistent with the Firm's best execution policy. As a result, the Firm may have an incentive to select or recommend a broker based on the Firm's interest in receiving Client referrals rather than on Clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit the Firm but will provide an insignificant (if any) benefit to Clients, the Firm will have a conflict of interest with Clients when allocating Client brokerage business to a broker who has referred a Client. The Firm will not allocate brokerage business to a referring broker unless the Firm determines in good faith that the brokerage business is otherwise consistent with the Firm's best execution policy.

### ***Directed Brokerage.***

The Firm does not recommend, request, or require a Client to direct the Firm to execute transactions through a specified broker-dealer. Directed brokerage may cost Clients more money, as a Client may pay higher brokerage commissions because the Firm may not be able to aggregate orders to reduce transaction costs, or the Client may receive less favorable prices.

### ***Order Aggregation; Allocation of Trades.***

Transactions implemented by the Firm for accounts may be effected independently or on an aggregated basis. The Firm anticipates that frequently it will decide to purchase or sell the same securities for several Clients at approximately the same time. The Firm will aggregate orders when it believes aggregation may prove advantageous to Clients. Typically, the process of aggregating Client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among Clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among the Firm's Clients in proportion to the purchase and sale orders placed for each Client account on any given day. When the Firm aggregates Client orders for the purchase or sale of securities, the Firm will do so in a fair and equitable manner. It should be noted that the Firm does not receive any additional compensation or remuneration as a result of aggregation.

The Firm may at times determine that certain securities will be suitable for acquisition by more than one Client. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Firm considers them suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.



### **Item 13. REVIEW OF ACCOUNTS**

Client accounts are reviewed by the independent administrator (in the case of the Funds) and the Chief Compliance Officer on a monthly basis. Managed Accounts and Investors in the Funds receive written statements containing individual net asset values or account values on a monthly basis, either from the Firm directly or from the custodian or independent Fund administrator, as set forth in the terms of the relevant Client's Offering Documents or investment advisory agreement. The calendar is the main triggering factor of a review of an account, although more frequent reviews may be also be triggered by changes in a Client's circumstances or by unusual market or trading activity.

### **Item 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm has entered into arrangements with unaffiliated third party solicitors whereby compensation is paid for referring clients or investors, consistent with the Investment Advisers Act of 1940 (the "Advisers Act"). Generally, these payments are based on a percentage of management fees, performance-based fees, or some combination thereof, earned by the Firm with respect to such client or investor. The Firm may engage underwriters, brokers, dealers or finders to assist in the offering of interests in the Funds. Except for commissions on brokerage transactions (which will be paid by Clients), the Firm will pay (and will not charge Clients) fees and commissions that may be payable to any such brokers or finders for assisting in the offering or sale of interests in the Funds. Prior to engaging an independent third party solicitor to refer Clients and/or investors to the Fund, the Firm will confirm that such solicitors are properly licensed or registered. Because such arrangements contain inherent conflicts of interests between the referring party, on the one hand, and the client/investor, on the other, the Firm requires documentation that these conflicts have been disclosed to investors/clients.

### **Item 15. CUSTODY**

The Firm maintains Client accounts and securities over which it is deemed to have custody at a qualified custodian. As stated above in Item 13, Review of Accounts, the Firm or the relevant Client account's administrator or custodian will send monthly account statements directly to Clients which Clients should carefully review. Clients are urged to compare statements that are received from the qualified custodian to statements received directly from the Firm. The NewGen Equity Long/Short Fund Ltd.'s auditor sends annual audited financial statements, prepared in accordance with GAAP, to investors in the Fund within 120 days after the Fund's calendar year end.

### **Item 16. INVESTMENT DISCRETION**

As an investment adviser, the Firm generally has discretionary authority over Clients' accounts to determine securities bought and sold and in what quantities, the amount of leverage employed, the broker-dealer used and the commission rates to pay, among other things. The specific terms of the scope of such investment discretion is detailed in the relevant Client account's Offering Documents or investment advisory agreement.

**Item 17. PROXY VOTING POLICY**

The Firm has adopted a proxy voting policy that is guided by its fiduciary responsibilities and commits its principals and employees to vote in a manner which is believed to do the most to maximize shareholder value and to never prioritize unrelated objectives. Proxy votes are reviewed by the Chief Compliance Officer or his/her delegate for adherence to this policy.

Clients may obtain a copy of the Firm's Proxy Voting Policies and Procedures as well as relevant proxy voting records by contacting Olga Gergin, the Chief Compliance Officer, at 416-941-9111.

**Item 18. FINANCIAL INFORMATION**

The Firm does not require or solicit prepayment of management fees six or more months in advance. The Firm has no financial condition to disclose that is reasonably likely to impair its ability to meet contractual commitments to its Clients. Additionally, the Firm has not been the subject of a bankruptcy petition during the past ten years.

For questions or requests for additional information, please contact the Chief Compliance Officer at the number or address listed on the cover of this brochure.