



**Firm Brochure / Form ADV Part 2A**

**WINTON CAPITAL US LLC**

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This brochure provides information about the qualifications and business practices of Winton Capital US LLC. If you have any questions about the contents of this brochure, please contact us at +1 212 702 3100. The information in this brochure has not been approved or verified by the US Securities and Exchange Commission (the “SEC”) or by any state or foreign securities authority.

Additional information about us is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also review certain information about us on the US National Futures Association’s website at [www.nfa.futures.org](http://www.nfa.futures.org).

Registration does not imply that we, or our associates, have attained a certain level of skill or training.

## Item 2 – Material Changes

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Winton Capital US LLC (“**we**”) have not made any material changes to this Form ADV, Part 2A (“**brochure**”) since we filed the most recent amendment on August 7, 2019.

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We are an investment management company specializing in applying statistical and mathematical inference to financial markets in an attempt to identify profitable investment opportunities for our clients. We are wholly owned by Winton Group Limited (together with its subsidiaries, “**Winton**”). David Harding founded Winton in 1997 and he is the principal owner of Winton.

We follow a process based on statistical analysis of historical data to identify relationships and patterns that can be used to make inferences. We develop quantitative investment strategies that seek to achieve the Client’s investment objective, within the defined risk framework.

These investment strategies are applied systematically and are used to invest globally long and short, using leverage, in instruments that we believe are sufficiently liquid, and for which there is sufficient data available. We use various combinations of our strategies to provide investment advisory services to: (i) Winton titled funds (“**Funds**”); and (ii) third-party funds or accounts (“**Managed Accounts**” and, together with the Funds, “**Clients**”). Our investment profiles include the following:

*Multi-Strategy*

This combination of investment strategies is characterized by the use of fundamental and technical macro and equity/credit strategies. It is applied to equity securities (which includes some or all of the following: common stocks of companies of any market capitalization; depositary receipts; exchange traded funds; and securities or other interests issued by collective investment funds managed or advised by us), fixed income securities, and a range of derivative instruments (including some or all of the following: swaps; currency forwards; futures on equity indices, bonds, interest rates, currencies and commodities and options).

*Diversified Macro Strategies*

This combination of investment strategies is characterized by the use of technical macro and fundamental macro strategies that are applied predominantly to a range of derivative instruments (including swaps, currency forwards, and futures on equity indices, bonds, interest rates, currencies and commodities) and may be applied to equity securities.

### *Trend Following Strategy*

This combination of investment strategies seeks to identify trends in markets and take positions to profit from those trends. It is characterized by the use of technical macro strategies that are applied to a range of derivative instruments (including swaps, currency forwards, and futures on equity indices, bonds, interest rates, currencies and commodities).

Our investment process is described in more detail under Item 8 below.

We provide investment advisory services to the Funds pursuant to the terms of each Fund's investment management agreement, offering memorandum and governing documents. We provide investment advisory services to Managed Accounts pursuant to the terms of investment advisory agreements, which generally contain bespoke investment constraints. The investment management and investment advisory agreements of the Clients and the offering memoranda and governing documents of the Funds are collectively referred to in this document as "**Governing Documents**".

**All discussions of the Clients in this document, including but not limited to their investments, objectives, investment strategies, fees and other costs, conflicts of interest and relevant material risks are qualified in their entirety by reference to the relevant Governing Documents for each such Client. This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities issued by any entities described herein.**

As of December 31, 2019, we had regulatory assets under management of approximately \$57,200,000, representing Client assets managed on a discretionary basis. For the purpose of calculating this figure, we have used the prescribed methodology for calculating regulatory assets under management.

## Item 5 – Fees and Compensation

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Fees payable to us and/or our affiliates by each Client for management and advisory services are set out in the applicable Governing Documents and in some cases include a performance-based fee (the “**Performance Fee**”) and in all cases an asset-based management fee (the “**Management Fee**” and, together with the Performance Fee, the “**Advisory Fees**”), all of which are charged in arrears. Advisory Fees for the Funds are not negotiable. Advisory Fees for Managed Accounts are negotiated. Accordingly, certain Managed Accounts have more favorable Advisory Fee arrangements than the Funds or other Managed Accounts.

### *Multi-Strategy and Diversified Macro Strategies*

Management Fees for Funds that follow these combinations of strategies are or are expected to be charged at up to 1.2% per annum of net assets (before reduction for the current period’s Advisory Fees). Management Fees for Managed Accounts that follow these strategies are charged at rates up to 2% per annum of net assets (before reduction for the current period’s Advisory Fees). Performance Fees, if any, for Funds that follow these strategies are charged at between 15% and 20% per annum of net capital appreciation in excess of unrecovered losses. Performance Fees, if any, for Managed Accounts that follow these strategies are charged at negotiated rates and are charged at up to 20% per annum of net capital appreciation in excess of unrecovered losses. Performance Fees, if any, are payable either on an annual or on a calendar quarterly basis.

### *Trend Following Strategy*

Management Fees for Funds that follow this strategy are charged at up to 1% per annum of net assets (before reduction for the relevant period’s Advisory Fees). Management Fees for Managed Accounts that follow this strategy are charged at negotiated rates up to 1% per annum of the relevant trading level of the account. There are no Performance Fees payable for Funds or Managed Accounts which follow this strategy.

In addition to Advisory Fees, we are entitled to be reimbursed for certain fees and expenses that we incur in connection with our investment advisory services as set out in the Governing Documents of the Funds. Funds will be subject to other fees, costs and expenses as set out in the relevant Governing Documents of the Funds. These will generally include, without limitation and where applicable, brokerage commissions, transaction fees,

administration fees, custodial fees, fees and expenses associated with the establishment and offering of the Funds, expenses associated with communication with investors, trading costs, custodial fees, fees and interest associated with leverage, directors' fees and expenses, legal fees, audit fees, company secretarial fees and expenses, data costs including without limitation market data and third-party research data attributable to one or more Funds, the costs of technology service provision, including without limitation cloud computing and third-party software provision, the costs of proxy voting service providers, fees of paying agents and risk aggregators and other operating expenses. Managed Accounts are subject to similar fees, costs and expenses, as set out in the offering documents of Managed Accounts, if applicable. To the extent that a Client invests in securities or other interests of another collective investment fund, the Client will bear its pro rata share of such collective investment fund's expenses, such as investment management fees and performance fees (where no fee free class of interests is available to the Client for investment) or allocations and other operating expenses. Not all Clients will be subject to the same type or amount of fees and expenses. We do not receive any portion of such fees, costs or expenses.

On termination of any Managed Account or Fund, any earned, unpaid Advisory Fees will be due and payable without penalty or other deduction.

Neither we nor our employees accept any compensation from third parties for the sale (or purchase) of investment products. We receive all our compensation from Clients.

See Item 6 below for more information about Performance Fees and related conflicts of interest.

Item 12 below describes the factors that we consider in selecting or recommending counterparties or brokers for the execution of Client transactions and determining the reasonableness of their compensation.

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

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As described in Item 5 above, we charge Performance Fees to certain Clients. Performance Fees are fees based on a share of net capital appreciation of the Client's assets in excess of unrecouped losses.

Performance Fee arrangements create an incentive for us to invest Clients' assets in ways that are riskier or more speculative than under a different fee arrangement. In addition, certain Clients pay higher Performance Fees or utilize higher levels of leverage (which can, depending on investment performance have the effect of such Clients paying relatively higher Performance Fees) than other Clients, some of which pay no Performance Fees, and this creates an incentive for us to favor such higher fee-paying Clients in the allocation of investment opportunities.

Our allocation policy is intended to ensure that investment opportunities are allocated in a manner that: (i) treats all Clients fairly and equitably over time; (ii) prevents the aforementioned conflicts from influencing the allocation of investment opportunities among Clients; and (iii) complies with applicable regulatory requirements. In addition, we have an allocation algorithm that allocates all filled orders based on a defined allocation procedure reasonably designed to treat all Clients fairly and equitably over time.

We will restrict, limit or reduce the amount of a Client's investment in a security where holdings in such security by a Client, or across Clients in the aggregate, exceed a certain ownership threshold or would otherwise result in excessive transaction costs. In these situations, we also have the discretion to determine not to engage in an investment for a Client, even where such investment could be beneficial to the Client. This can occur when a position or transaction is subject to regulatory or other restrictions.

When we allocate investment opportunities, we take into account the factors noted above, as applicable, and as a result, it is possible that some or all of the eligible Clients will not receive a pro rata allocation, or any allocation.

Our conflicts of interest policy is available upon request.

Pursuant to US Commodity Futures Trading Commission ("**CFTC**") Regulation 1.35(b)(5)(iii) and NFA Compliance Rule 2-10 and its accompanying Interpretive Release (Interpretive Notice 9029), we will make the following information available to Clients and Fund investors, the CFTC, the US Department of Justice, or other appropriate regulatory agency, upon request:



- (a) the general nature of the allocation methodology we will use;
- (b) an indication of whether any account in which we have an interest will be included with client accounts in bunched orders eligible for post-execution allocation; and
- (c) a summary or composite data sufficient for a Client to compare its results with those of other comparable clients and any account in which we have an interest.

## Item 7 – Types of Clients

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As described in Item 4 above, our clients include Managed Accounts. We may also advise other types of clients, including publicly offered Funds and privately placed Funds.

The investors in the Funds and Managed Accounts include, without limitation, pension funds, foundations and endowments, private banks, distributor platforms, sovereign wealth funds, funds of funds, insurance corporations, family offices and high net worth individuals.

The minimum investment and other requirements for investing in each Fund are set out in the relevant Governing Documents. Funds offered through private placement in the United States are structured as private investment companies that are exempt from registration under Section 3(c)(7) of the US Investment Company Act of 1940, as amended. As a result, investors in such Funds must generally be “qualified purchasers” as defined in the US Investment Company Act of 1940, as amended, and the rules thereunder, “accredited investors” as defined in Regulation D under the US Securities Act of 1933, as amended, and “qualified eligible persons” as defined in the US Commodity Exchange Act and the rules thereunder.

The minimum account size for Managed Accounts is generally \$50 million.

*A. Methods of Analysis and investment strategies*

*1. Investment Process*

In constructing our investment strategies, we follow a process that is based on statistical analysis of historical data. The initial stage of this process involves collecting, cleaning and organizing relevant data. We use a variety of data inputs including technical, i.e. data intrinsic to markets such as price, volume and open interest; and fundamental, i.e. data external to markets such as economic statistics, industrial and commodity data and public company financial data.

We conduct research into this data to identify relationships that may be used to make statistical inferences. This research is used to develop investment systems that attempt to forecast market returns, the variability or volatility associated with such returns, the correlation between different markets and transaction costs. These investment systems are aggregated in investment strategies that determine, within the portfolio's risk framework, what positions should be held to seek to maximize profit.

We implement the investment systems using computer programs that generate signals which are applied to the instruments traded. These systems are continually modified, including in the light of market developments and as we undertake further research. Changes to the systems occur as a result of, amongst other things, the discovery of new relationships, changes in market liquidity, the availability of new data or the reinterpretation of existing data.

The implementation of our investment strategies incorporates certain subjective elements, such as the decision as to which investment signals to use, the weightings of particular signals, the leverage to be applied and the instruments on which to focus. In addition, we continually monitor the behavior of the investment systems, portfolio composition, and market conditions, and we have the discretion to make decisions based on factors other than the output of the investment systems.

Our quantitative investment strategies are systematic and are applied to a diverse investment universe. They invest globally long and short, using leverage, in instruments that we believe are sufficiently liquid, and for which there is sufficient data available. These instruments include, without limitation, equity securities (which include some or all of the following: common stocks of companies of any market capitalization; depositary receipts;

exchange traded funds; and securities or other interests issued by collective investment funds managed or advised by us), fixed income securities, and a range of derivative instruments. Such derivative instruments include swaps, currency forwards, futures on equity indices, bonds, interest rates, currencies and commodities and options.

Certain investment strategies are expected to be combined and/or focus on specific instruments, asset classes or markets (although these are continually evolving and developing) as described in the Governing Documents.

## *2. Risk Management*

Management of the risk arising from market fluctuations is an integral part of our investment strategies. In respect of our investment strategies that employ leverage, the most important determinant of risk is the level of leverage. In order to determine the level of leverage, comprehensive information is required on the risks our investment strategies are taking, including: realized and forecast volatility; portfolio sensitivity to various factors; scenario tests and stress tests using various proprietary methods; forecasts of extreme loss frequency and measures of margin employment and leverage. We forecast volatility in each market and the correlation between markets daily in order to forecast the overall volatility of the portfolio and adjust leverage accordingly to manage portfolio risk.

## *3. Investment Objective*

The investment objective of our investment strategies is to achieve long-term capital appreciation through compound growth. **There is no guarantee that this objective will be met for any Clients.**

**It is possible that the performance of Funds and Managed Accounts that follow the same investment strategies will be materially different for a number of reasons, including, without limitation, differences in investment universe, investment restrictions, leverage, the amount invested, timing of subscriptions and withdrawals and fees and expenses.**

## *B. Risk of Loss*

**The following is a brief summary of certain material risks associated with our methods of analysis, investment strategies and the instruments in which our Clients can invest. A more comprehensive discussion of material risks for the Funds is included in the relevant Governing Documents.**

*Risks related to investing in general:*

No Guarantee of Profit or Against Loss A Client's investment is speculative and involves substantial risks, including the risk of loss of a Client's entire investment. No guarantee or representation is made that a Client will achieve its investment objective and investment results may vary substantially over time. Past performance is no guarantee of future results. There is no assurance that the investment strategies will provide any positive return or will not incur substantial losses.

Leverage Leverage creates an opportunity for greater yield and total return but increases Clients' exposure to capital risk and, if the leverage is in the form of borrowing, interest costs. The use of leverage in a market that moves adversely could result in substantial losses to a Client, which would be greater than if leverage was not used. Leverage can result in losses equal to or in excess of the capital invested.

High Volatility Markets may be subject to high levels of volatility, influenced by a variety of factors, including: changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; political and economic events and policies; changes in interest rates and rates of inflation; currency devaluations and re-evaluations; market sentiment; and force majeure events, including natural disasters, pandemics or any other serious public health concern, war and terrorism. Such volatility could result in significant losses for a Client.

Illiquidity of Markets Positions in financial instruments cannot always be liquidated at the desired price or time. Securities and/or markets may be subject to suspension in certain circumstances. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as when governments take or are subject to political actions that disrupt the markets in their currency or major exports, can also affect the liquidity of the markets, thereby making it difficult to liquidate a position. Periods of illiquidity are difficult to predict. The size of the positions controlled by us on behalf of our Clients will exacerbate the risk of illiquidity by both making positions more difficult to liquidate and increasing the losses incurred while trying to do so.

Short Selling A short sale involves the theoretically unlimited risk of an increase in the market price of the securities and the instruments sold short. There can be no guarantee that securities necessary to cover a short position will be available for purchase.

*Risks associated with specific instruments:*

Futures Contracts Futures contracts carry a high degree of risk and are not assets with intrinsic value; trading them is a "risk transfer" economic activity. The low margins normally

required in futures trading permit a very high degree of leverage. As a result, a relatively small movement in the price of a futures contract can result in a profit or loss that is high in proportion to the amount of assets actually placed as margin and can result in unquantifiable further loss exceeding any margin deposited.

Commodity-Related Investments Prices of commodities can fluctuate significantly over short periods as a result of a variety of factors, including changes in supply and demand relationships, changes in interest or currency exchange rates, population growth and changing demographics and factors affecting a particular industry or commodity, such as drought, floods or other weather conditions, transportation bottlenecks or shortages, competition from substitute products, fiscal, monetary and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs and international economic, political, military, legal and regulatory developments. Lack of liquidity, participation of speculators and government regulation and intervention, among other factors, subject commodity markets to temporary distortions or other disruptions.

Foreign Exchange Forward Contracts Foreign exchange forward contracts are not currently traded on exchanges and, unlike in futures markets, there is no limitation as to daily price movements. In exceptional circumstances certain banks have refused to quote prices for foreign exchange forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Generally, no clearing house or exchange stands ready to meet the obligations of the contract. Thus, Clients will be subject to the risk of the inability or refusal of their counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel Clients to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses to Clients. Additionally, in respect of foreign exchange forward contracts relating to emerging market currencies, many emerging markets have underdeveloped capital market structures where the risks associated with holding currency are significantly greater than in other, less inflationary markets. Such currency exchange rates are highly volatile and subject to severe event risks, as the political situation with regards to the relevant foreign government may itself be volatile.

Equities Investments in equity securities in general are subject to market risks that cause their prices to fluctuate over time. Fluctuations in the value of equities in which a Client invests will cause the value of the Client's assets to fluctuate.

Swaps The liquidity of swaps is based on the liquidity of the underlying instrument, subjecting swaps on illiquid underlying instruments to liquidity risk. Notional amounts of

swaps are not subject to any limitations and therefore there is an unlimited risk of loss. Swaps are not necessarily traded on exchanges and may not otherwise be regulated if they are traded between eligible contract participants and not on an exchange-like electronic platform and, as a consequence, investors in such contracts would not benefit from regulatory protections. Swaps also carry counterparty risk. Adverse movements in the underlying security will require the buyer to post additional margin. An imperfect correlation between the return on a Client's obligation to its counterparty under the swaps and the return on related assets could increase a Client's financial risk of loss.

Emerging Market Securities Emerging market securities investments carry increased risks due to there being less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. Placing securities with a custodian in an emerging country can also present considerable risks. Investment opportunities in certain emerging markets are restricted by legal limits on foreign investment in local securities.

Options A Client may invest in options, the prices of which depend largely upon the likelihood of favourable price movements in the underlying asset in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying asset are also applicable to options trading. In addition, there are a number of other risks associated with the trading of options, depending on the type of option in which the Client invests (e.g. whether it is a call option or a put option, whether the Client is long or short, and whether it is an American option, a European option or some other kind of option) and the strategy used with respect to options. In particular, when an option has been purchased, the option cannot be exercised if the price of the underlying asset remains below the strike price (in the case of a call option) or above the strike price (in the case of a put option) until it expires, in which case the purchaser will lose its entire investment (being the premium it paid to purchase the option). When an option is sold, the Client may be required to pay margin to the counterparty. If the Client takes an uncovered short position in a call option (meaning that it has sold or written a call option and does not hold the security that it may be required to sell to the counterparty), the potential loss is theoretically unlimited.

Credit Spreads A Client may make investments that expose it to credit spreads and movements in such spreads will impact on the value of Client assets. In addition, the market for credit spreads can be inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Credit Default Swaps A Client may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to one or more other parties (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each a "credit event") which may be experienced by the reference entity. Credit default swaps carry specific risks including, but not limited to, high levels of leverage, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to a Client if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Debt Securities The issuers of debt instruments, including sovereign issuers, can face significant ongoing uncertainties and exposure to adverse conditions that could undermine the issuer's ability to make timely payment of interest and principal. Evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. The market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Daily Price Fluctuation Limits Futures exchanges limit fluctuations in contract prices during a single day by imposing "daily price fluctuation limits" or "daily limits" which limit trades executed above or below the relevant limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from liquidating positions and subject a Client to losses that could exceed the margins initially committed to such trades.

Position Limits and Internal Risk Limits The CFTC and exchanges both within the US and outside the US establish "speculative position limits" on the maximum net long or net short position which any person or group of persons is permitted to hold or control in particular futures, options on futures contracts and swaps that perform a significant price discovery function. In the EU, MiFID 2 imposes position limits and position reporting in relation to certain commodity derivatives. In addition, we set internal risk limits. The assets of our Clients will be aggregated for the purposes of speculative position limits and internal risk limits. Our investment strategy could have to be modified, and positions held by a Client could have to be liquidated, in order to avoid exceeding these limits. Such modification or



liquidation could increase transaction costs to liquidate positions and limit potential profits on the liquidated positions. In the event that such position limits were deemed to be exceeded we could be required to unwind positions, or otherwise incur additional costs or expenses.

Exchange Controls Certain countries into which we invest on behalf of a Client have imposed or could introduce exchange controls. The ability of Clients to convert currencies if necessary for the purposes of making investments or to exchange the proceeds of investments into the relevant currency will be subject to the exchange control restrictions, if any, in force in the relevant country. While the currencies of relevant countries can generally be successfully exchanged, there can be no assurance that suitable counterparties and rates will be available at all times.

*Risks associated with the investment strategies:*

Process Exceptions The investment systems are implemented using computer programs. Issues with the design, development, implementation, maintenance or operation of the programs or any processes and procedures related to the investment systems (collectively, "**Process Exceptions**") may cause losses to Clients and such losses may be substantial. Any losses or gains arising from Process Exceptions shall be for the account of Clients (i.e., Clients will bear any losses and will benefit from any gains) except for any losses that result directly from our gross negligence, wilful default, fraud or other applicable liability standard as set forth in the Governing Documents or applicable law. Process Exceptions may include, but are not limited to:

*Programming Errors* We could make programming errors in translating our mathematical models into computer code. In addition, as a mathematical model can be expressed in computer code in multiple ways, the choice of code ultimately used may not result in the best representation of the model.

*Failure of Technology* The computer programs are reliant on proprietary and third party technology. Such technology could be adversely affected by many issues, some of which will be outside of our control, including issues associated with network infrastructure, software updates, bugs, viruses and unauthorised access.

*Incorporation of Data* We could incorporate inaccurate data, or make errors in incorporating data, into the systems.

Process Exceptions may be extremely difficult to detect, may go undetected for long periods or may never be detected. The impact of such Process Exceptions may be

compounded over time and may result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organise available data and/or the failure to take certain hedging or risk mitigating actions.

We could conclude that any Process Exception that we detect is not material and we could choose not to address them. Such judgements could prove not to be correct.

Errors in Trade Execution and Settlement Certain of the investment techniques that we use require the efficient execution of transactions or the ability to accumulate or liquidate large positions. Inefficient execution can eliminate the market opportunities that such techniques seek to capture. Losses can occur from a "trade error" which is defined as an error in executing specific trading instructions, for example: (i) purchases or sales of an incorrect financial instrument or number of financial instruments; or (ii) purchase or sale transpositions (where an intended purchase is entered as a sale or vice versa); or (iii) purchases or sales of financial instruments for an incorrect account. Any losses or gains arising from trade errors shall be for the account of a Client except for any losses that result directly from our gross negligence, wilful default or fraud, or other liability standard applicable to us under the Governing Documents or applicable law. We do not intend to disclose trade errors to Clients, except where required to do so.

Use of Electronic Trading Instructions Information technology systems used to send electronic trading instructions to brokers can increase the likelihood of erroneous orders being made, regulatory requirements not being complied with and/or credit and capital limits being breached due to computer malfunctions, the speed of execution of transactions, human error or a deficiency in algorithm design or implementation. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure (whether such failure affects the hardware or software of the exchange or person offering the relevant system or us). In the event of system or component failure, it is possible that, for a certain time period, it might not be possible to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure can also result in loss of orders or order priority. Trading venues offering an electronic trading or order routing system typically adopt rules to limit their liability, the liability of member brokers and software and communication system vendors, and the amount that can be collected for system failures and delays, which rules vary among the venues and might not adequately compensate Clients for the full extent of any loss. We will not be liable for losses not compensated by a trading venue except as otherwise disclosed.

Human Error We continually monitor the behavior of the investment systems, portfolio composition and market conditions and can make decisions based on factors other than the output of the investment systems. These decisions are subject to human error.

Effects of Substantial Redemptions Substantial redemptions from the Funds and/or Managed Accounts (some of which have more favourable redemption terms) within a short period of time could require us to liquidate a Client's positions more rapidly than would otherwise be desirable or on unfavourable terms and could lead to a significant increase in portfolio turnover with associated transaction costs. This risk could be compounded by a number of other factors, for example, significant positions could be liquidated by Clients and other market participants at or around the same time or the positions might have to be liquidated during adverse market conditions. Such factors are likely to lead to greater losses than would be the case under normal market conditions. The resulting reduction in a Client's assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Temporary Defensive Measures We may, from time to time, take temporary defensive measures which are inconsistent with our principal investment strategies in attempting to respond to, or in anticipation of, market, economic, political or other conditions. For example, during such period, all or a significant portion of a Client's assets may be invested in short-term, high-quality fixed income securities, cash or cash equivalents, or the risk parameters of the relevant strategy may be altered. Temporary defensive measures may be initiated by us when we judge that existing market, economic, political or other conditions may make pursuing our investment strategies inconsistent with the best interests of the Clients and could reduce the potential for returns and result in costs which exceed returns. We may temporarily use these alternative strategies or parameters that are mainly designed to limit the Clients' losses, protect the Clients' gains or create liquidity in anticipation of redemptions. When such temporary defensive measures are taken, it may be more difficult for a Client to achieve its investment objective.

Limitations of Statistical Inference The investment system is based on research into historical data and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs. This process could be incomplete and/or flawed and any derived forecast could be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate or incomplete assumptions or data. Assumptions or data could be inaccurate from the outset or could become inaccurate as a result of many factors such as changes in market structure, increased government intervention in markets or growth in assets managed in accordance with similar investment strategies.

Correlation Certain investment strategies can be highly correlated to certain markets. Accordingly, a price fall in a particular sector, such as equities or fixed income, could result in a significant decline in the value of a Client's portfolio.

Crowding/Convergence There is significant competition among quantitative investment managers and to the extent that we are not able to develop sufficiently differentiated investment strategies, the investment objective of the Client might not be met. The growth in assets managed in accordance with similar investment strategies can result in a Client and other market participants buying and selling the same or similar investments simultaneously, which could reduce liquidity and exacerbate market moves.

Involuntary Disclosure Risk Public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) that require position level disclosure could provide opportunities for competitors to reverse-engineer the investment strategies, which could impair the relative or absolute performance of the Client's portfolio.

Limited Client Oversight As the investment strategies are proprietary, Clients will not have the objective means by which to evaluate their operation. Further, investors in Funds do not have the ability to review the Fund's investment positions.

*Risks associated with us:*

Risk of Loss of Senior Personnel The performance of the investment strategies is substantially dependent on the services of our senior professionals who are responsible for developing, monitoring and maintaining them and in the event of the death, incapacity or departure of such professionals, the performance of the strategies may be adversely affected and Clients may suffer losses.

Misconduct of Employees and of Third-Party Service Providers Misconduct or errors by employees or third-party service providers could cause significant losses to Clients. For example, employees and third-party service providers may improperly use or disclose confidential information which could result in litigation or serious financial harm. Although we have adopted measures to select reliable third-party providers and to prevent and detect employee misconduct, such measures may not be effective in all cases.

Profit Sharing A Performance Fee may be paid on unrealised gains which could subsequently never be realised. The Performance Fee could create an incentive for us to manage a Client's portfolio in a manner that is riskier than would be the case in the absence of a fee based on the performance of the Client's portfolio.

Cyber-Attacks We, our Clients and service providers are susceptible to operational and information security risks resulting from cyber-attacks including the theft or corruption of data maintained online or digitally, denial of service attacks on websites, the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information, unauthorized access to relevant systems, compromises to networks or devices that are used to service operations, and operational disruption or failures in physical infrastructure or operating systems. Cyber-attacks may adversely impact Clients potentially resulting in, among other things, financial losses or the inability to transact business if, for example, there is interference with the processing of investor transactions, confidential business or investor information is released, trading is impeded, and/or regulatory fines are imposed on, or reputational damage is caused. Additional costs may also be incurred in mitigating the risks of, or trying to prevent, cyber-attacks.

*Regulatory risk:*

Market Crisis and Governmental Intervention The global financial markets have undergone fundamental disruptions which have led to extensive governmental intervention (such as bans on "short selling" equities). Such intervention was in certain cases implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. In addition, these interventions were sometimes unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on our ability to fulfil the investment objective of each Client or implement our investment strategies. However, we believe that there may be further regulation of the global financial markets that could have a material impact on the performance of the Clients' portfolios, such as increased compliance obligations or trading costs, or limitations on a Client's capacity to trade in certain derivatives.

Termination of the United Kingdom's Membership of the European Union The United Kingdom ceased to be a member of the EU on 31 January 2020. The expiry of the applicable transition period is expected to result in legal and regulatory changes, some of which may be adverse to us or to Clients. It is difficult to predict how the United Kingdom's exit from the EU will impact trading practices or regulatory reporting requirements.

## Item 9 – Disciplinary Information

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Not applicable.

## Item 10 – Other Financial Industry Activities and Affiliations

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Our sole business is providing investment advisory services.

We are registered with the Securities and Exchange Commission as an investment adviser. We are also registered with the CFTC as a commodity pool operator and commodity trading advisor. We are also a member of the US National Futures Association ("**NFA**"). Certain management persons are registered with the NFA as associated persons and/or principals.

We are not registered, nor do we have an application pending to register, as a broker-dealer.

We are affiliated with Winton Capital Management Limited ("**WCM**"). We and WCM have agreed to share resources, including personnel. Where we provide, or WCM provides, services, resources or personnel to the other, compensation is paid in accordance with the terms of a sharing agreement and a services agreement, each between us and WCM. Such compensation is generally on a cost plus basis. We are also affiliated with Winton Fund Management Ireland DAC ("**WFMI**"), a management entity which is authorized and regulated by the Central Bank of Ireland. We provide investment management services to and receive compensation from WFMI. Our policies and procedures are designed to address conflicts of interest that arise, or could arise, from these relationships.

We maintain a conflicts of interest policy and a log of identified material conflicts and the means to address or resolve them, which is reviewed on a periodic basis.

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

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We have a written Code of Ethics and accompanying policies (the “**Code**”) which all of our employees must read and observe. Compliance with the Code is a material term of our employees’ employment contracts and any employee who fails to observe the Code may be subject to disciplinary action. Our Compliance Department monitors and reviews compliance with the Code. The Code is available to Clients and prospective clients on request.

The Code includes policies and procedures designed to, among other things:

- (i) ensure that we act in accordance with our fiduciary duties to our Clients;
- (ii) ensure that we and our employees comply with applicable laws, regulations and rules, including, for example, in relation to material information that has not been publicly disseminated;
- (iii) prevent and manage market abuse including improper personal trading by our employees;
- (iv) identify and disclose actual or potential conflicts of interest; and
- (v) ensure that any identified conflicts are resolved in favor of our Clients.

Our employees can invest, subject to applicable eligibility criteria, in the same securities and other instruments that we invest in for our Clients. Any such investments are subject to personal trading restrictions that are set out in the Code. These include: (i) a pre-clearance requirement for certain instruments; (ii) a minimum holding period requirement; (iii) a holdings and transaction disclosure requirement; and (iv) a ban with respect to investing in certain instruments.

We, our related persons and certain Funds hold investments in one or more Funds and may have financial exposure to such Funds. Such investments create an incentive for us and our related persons to take investment actions based on our investment interests which might diverge, in some cases, from the interests of other investors or to favor or disfavor certain Funds over other Funds or Managed Accounts based on pecuniary interests. Conflicts that arise from these circumstances are mitigated by several factors, including: (i) the requirement that any material changes to the strategies must be tested and reviewed and approved by our Investment Board; (ii) the fact that our strategies are designed to achieve long-term capital appreciation as opposed to short-term profits; and



(iii) the fact that most of our investments are made in accordance with the signals generated by the relevant systems.

Item 6 above describes our procedures for allocating trades among our Clients including procedures for order aggregation.

## Item 12 – Brokerage Practices

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We use a number of execution management systems for the execution of Client transactions. The majority of orders is routed electronically, either through a broker-dealer or directly to the appropriate trading venue (e.g. to an exchange or via a broker's platform). A minority of orders is allocated to our trading team for manual execution. How an order is routed depends on a number of factors, including market characteristics, level of electronic access and order size.

We have discretion to select a counterparty or broker for the execution of Client transactions consistent with our duty to seek best execution. We select counterparties or brokers based on a number of factors, which generally include: (i) competitiveness of commission rates or spreads; (ii) an analysis of the broker's execution algorithms; (iii) quality of service; (iv) breadth of market access; (v) willingness to commit capital; (vi) creditworthiness; (vii) reputation; and (viii) financial stability.

We do not have formal "soft dollar" arrangements. We use third-party investment research in our investment process for certain Funds. This research is paid for independently of broker commission. We may receive unsolicited research from counterparties or brokers but we do not use this in our investment process. We negotiate commission rates based on the level of service required, the type of order flow involved and the prevailing market conditions. As a result, Clients could pay in excess of the lowest commission rates available for execution services.

Certain counterparties or brokers that we use to execute Client transactions are also our clients and/or refer clients to us, which creates potential conflicts of interest in that we may prefer these counterparties or brokers based on our interest in receiving referrals. These conflicts are addressed by the fact that we adhere to a policy that prohibits us from considering any factor other than our duty to seek best execution for our Clients when we execute Client transactions.

We do not permit Clients to direct brokerage in the execution of trades.

Where feasible, we generally aggregate purchase and sale instructions for execution across accounts participating in the same investment order. Item 6 above describes our procedures for allocating trades among our Clients including procedures for order aggregation.

## Item 13 – Review of Accounts

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We systematically monitor and review Client accounts on a regular basis to determine, among other things, whether they are appropriately positioned and whether any investment constraints in the applicable Governing Documents are being followed. This monitoring and review process is carried out by individuals who are managed by our Head of Investment Operations and overseen by our Chief Compliance Officer.

Managed Account clients receive monthly client reporting required under MiFID 2 and regular account statements from their counterparties (i.e. custodians, clearing brokers and, if they trade individual equities, prime brokers) that include a detailed list of all relevant positions, valuations, transactions and fees.

Investors in the Funds receive from the Funds' administrators on a regular basis holding statements that include valuation and performance details and copies of the annual audited financial statements for the applicable Funds. In addition, we or our affiliates provide supplementary reports, including a monthly performance report, a quarterly newsletter and a monthly risk report. Investors in certain Funds may also receive from the Funds' administrators risk reports compiled by third-party risk aggregators.

## Item 14 – Client Referrals and Other Compensation

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We are compensated solely by Clients. We do not receive commissions or other compensation from product sponsors, broker-dealers or any unrelated third parties.

We have contractual arrangements with third parties that solicit Clients on our behalf. Any such arrangements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. We, and not Clients, pay compensation to these third parties. Clients will not pay any additional Advisory Fees as a result of being solicited by such third parties.

We do not maintain physical possession of Client assets, provide custodial services or hold Client money.

The Funds' assets are held by banks or broker-dealers that are qualified custodians. With respect to Managed Accounts, the Managed Account is responsible for appointing and monitoring one or more qualified custodians. Each third-party provider of a Managed Account should carefully review the account statements that it receives from its qualified custodian to determine that they completely and accurately state all holdings in the relevant account and all account activity over the relevant period. Additionally, to the extent that any Client receives statements from us and from a qualified custodian, Clients or their designee should compare these statements.

In addition, Client assets in Funds may be subject to liquidity constraints imposed by the directors of the Funds, such as the implementation of side pockets or suspension of redemptions. In certain jurisdictions, these factors may result in us being deemed to have custody of Client assets.

## Item 16 – Investment Discretion

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We manage all Client assets on a discretionary basis. Subject to any investment constraints in the relevant Governing Documents, we may determine:

- (i) the type and number of instruments to be bought or sold for our Clients;
- (ii) the executing brokers that we use when effecting such investments; and
- (iii) the commission rates paid to such executing brokers.

Managed Accounts can agree to bespoke investment constraints with us (such as margin to equity limits or the exclusion of certain markets) and such constraints will be set out in the relevant investment advisory agreement. Any such constraint serves as a limit on our investment discretion and may adversely impact account performance. Investors in the Funds cannot impose bespoke investment constraints.

## Item 17 – Voting Client Securities

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A Client's Governing Documents may grant us authority to vote proxies on behalf of the Client.

We have engaged Institutional Shareholder Services ("**ISS**") to provide proxy voting guidelines and to vote proxies for the Clients that have delegated such authority to us. ISS is an unaffiliated service provider that assists institutional investors in meeting their fiduciary requirements for proxy voting. To that end, the stated goal of ISS is to design its proxy voting guidelines to enhance shareholders' long-term economic interests, which may or may not be consistent with the best interests of one or more Clients.

Although we will generally rely on the recommendations of our proxy advisor, ISS, we reserve the right to exercise discretion in voting proxies and may vote proxies in a manner other than that specifically set out by ISS when we determine that to do so is in the best interests of one or more Clients.

We do not anticipate any conflicts in our proxy voting practices. However, should such conflicts arise, we will seek to resolve them equitably. In the event that we do exercise discretion in voting proxies, the Compliance Department will evaluate the matter to be voted on for any potential conflict of interest with Clients and will maintain documentation related to the voting decision.

In addition, there can be situations where we determine not to vote proxies. For example, we determine not to vote proxies where:

- (i) the cost of voting a proxy outweighs the benefit of voting the proxy;
- (ii) there are legal encumbrances to voting, including blocking restrictions that preclude the ability to dispose of a security if we vote a proxy, laws requiring the appointment of a local power of attorney to facilitate voting instructions, laws requiring us to obtain additional consents from clients or beneficial owners to vote a proxy, or other cases where we are prohibited from voting by applicable legal or market requirements;
- (iii) we have not been provided sufficient time to process the voting of a proxy;
- (iv) we have outstanding sell orders on a company's shares, or otherwise intend to sell a company's shares, prior to such company's meeting date; or
- (v) Clients hold shares on a company's record date, but sell those shares prior to such company's meeting date.

Clients or investors may contact us to request our proxy voting policy and procedures, information about ISS' policy formulation process and a quarterly record of all proxy votes cast on behalf of the relevant Client.



## Item 18 – Financial Information

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Not applicable.