



1613 S. Capital of Texas Highway, Suite 201  
Austin, Texas 78746  
(512) 275.1721

March 23, 2020

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF AXYS CAPITAL MANAGEMENT ("ACM"). IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION CONTAINED IN THIS BROCHURE, PLEASE CONTACT US AT (512) 275.1721, OR BY EMAIL AT [COMPLIANCE@AXYSGROUP.COM](mailto:COMPLIANCE@AXYSGROUP.COM). THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER, SOLICITATION OR RECOMMENDATION TO SELL OR ANY OFFER TO BUY ANY SECURITIES, INVESTMENT PRODUCTS OR ADVISORY SERVICES.

ADDITIONAL INFORMATION ABOUT AXYS CAPITAL MANAGEMENT IS ALSO AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV)

## **Item 2 – Material Changes**

Since our last annual update March 30, 2019, we have added clarifying changes, and the following updates to this Form ADV Part 2A:

1. Item 4 – Assets Under Management has been updated.
2. Item 5 - The fee schedule has been updated.
3. Item 11 - Participation in Client transactions has been updated.
4. Robert Kish, Chief Financial Officer, left ACM effective June 14, 2019 for personal reasons. There were no disciplinary issues involving Mr. Kish and no issues involving ACM's compliance program, financial results, internal controls or financial reporting procedures that led to Mr. Kish's departure.

ACM will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. ACM may also provide other ongoing disclosure information about material changes as necessary and will provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing or account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing, account and/or offering documents, such documents will control.

We encourage all clients and investors to carefully review this document in its entirety.

**Item 3 - Table of Contents**

Item 1	Cover Page	1
Item 2	Material changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance Based Fees and Side-By-Side Management	7
Item 7	Types of Client	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9	Disciplinary Information	18
Item 10	Other Financial Industry Activities and Affiliations	18
Item 11	Code of Ethics, Participation in Client Transactions, Personal Trading	18
Item 12	Brokerage Practices	20
Item 13	Review of Accounts	21
Item 14	Client Referrals and Other Compensation	21
Item 15	Custody	22
Item 16	Investment Discretion	22
Item 17	Voting Client Securities	22
Item 18	Financial Information	23
	Brochure Supplement	24

## **Item 4 - Advisory Business**

### **FIRM DESCRIPTION**

Axys Capital, LLC (“Axys Capital Management”, “our”, “we” or “ACM”) was formed on July 21, 2009 as a Delaware limited liability company and has its principal place of business in Austin, Texas.

### **PRINCIPAL OWNERS**

The founding and sole Managing Member is Mr. Christopher Hamm, President and CEO/CCO/CIO.

### **TYPES OF ADVISORY SERVICES**

ACM provides investment advisory and management services to private investment funds (the “Funds” or “Clients”). Subject to any applicable investment restrictions specific to a Fund, ACM may pursue a Fund’s investment objectives by: a) investing assets of the Fund in private funds or pooled vehicles (“Pooled Vehicles”) managed by third-party investment advisors (“sub-advisors or sub-managers”), (b) engaging sub-advisors or sub-managers to manage accounts or assets on behalf of the Fund or affiliated Fund entities which may invest in public securities, private investment funds, real estate, real assets, private equity and private debt, (c) investing directly in public securities, private investment funds, real estate, real assets, private equity and private debt. ACM may utilize leverage and hedging techniques, including derivatives designed to mimic equity or debt positions, securities lending, buying securities on margin and selling securities short.

ACM’s investment advisory and management services include asset management and advisory services to the Funds, including sourcing and monitoring investments and selection of sub-advisors and sub-managers. Investment decisions and advice will be subject to the investment objectives, strategies, guidelines, restrictions and limitations contained in the applicable offering documents of the Funds. Investors should refer to each Fund’s offering documents for a full description of fees, eligibility requirements, risk redemption terms, conflicts of interest, and other terms and conditions, and other important information.

### **Funds**

ACM provides investment advisory and management services Axys Capital Income Fund, LLC and Axys Capital Total Return Fund, LLC. Each Fund has different investment features including investment objectives and guidelines. ACM manages the Fund portfolios with an overall goal of maximizing total returns subject to each Fund’s risk profile and investment objectives.

**Investment Restrictions**

We provide investment advice to each Fund on a discretionary basis in accordance with the investment objectives, policies and guidelines set forth in the applicable Fund offering and governing documents and Investment Policy Statements. ACM does not tailor advisory and management services specific to the individual needs or objectives of any particular investor in that Fund. Further, investors are not permitted to impose restrictions or limitations on the management of the Funds.

**Assets Under Management**

As of December 31, 2019, ACM had approximately \$261,155,959 in regulatory assets under management (“AUM”), which are managed on a discretionary basis.

**Item 5 – Fees and Compensation**

**FEE SCHEDULE**

In consideration of our investment advisory and management services, we are entitled to receive management fees with respect to each client. The fees and expenses applicable to each Fund are set forth in detail in its offering memorandum. A summary of our advisory fees is set forth below.

We are paid fees for the management of the Funds (the “Management Fees”), which are either fixed or calculated quarterly in arrears as a percentage of the net asset value of the investors’ interest in the Funds. Management Fees for each fund are .25% per annum. Management Fees are subject to waiver, refund and/or modification by separate agreement with ACM. See further disclosures in Item 11 regarding Valuation.

ACM has entered into a Carried Interest Allocation Agreement with Axys Capital Credit Fund, LLC (“ACCF”) a wholly owned subsidiary of ACIF. Following the return of capital contributions and Preferred Distributions from ACCF to ACIF, ACM is entitled to a performance-based fee of 30% of distributable funds following the required payments to ACIF. See further disclosures in Item 6 regarding performance-based fees.

ACM also receives compensation for fund operational services provided in accordance with an agreement with Trust Asset Management, LLC, Advisor to the Funds.

**OTHER FEES AND EXPENSES**

In addition to the fees set forth above, Fund investors (“Members”) bear all fees, costs and expenses associated with their investment in the Fund. If any fees, costs and/or expenses are incurred jointly for the account of a Member and one or more

**AXYS CAPITAL MANAGEMENT**  
**FORM ADV, PART 2A**

other Members, such fees, costs and/or expenses will be allocated among the applicable Members in proportion to the size of the investment made by such Members in the activity or entity to which the expense relates or in such other manner as we determine to be fair and equitable. We, or an affiliate, may from time to time elect to bear certain costs and expenses.

**Sub-Advisory Fees and Sub-Manager Fees**

In addition to our fees, sub-advisors and sub-managers impose management fees and, in some cases, will impose performance-based fees or allocations based upon realized and unrealized appreciation in the value of the assets managed by that sub-advisor or sub-manager. These fees will be borne, directly or indirectly, by the Fund and its Members.

**Fund Expenses**

Organizational, offering and operating expenses of each Fund are paid at the fund level and are allocated to each Member in accordance with their *pro rata* share in the Fund.

**Sub-Fund or Sub-Manager Expenses**

Fund Members bear, directly or indirectly through their investment in each sub-fund or other investment vehicle (as applicable), their *pro rata* share of the offering, organizational and operating expenses of such sub-fund or other investment vehicle, and expenses related to the investment of such assets, such as brokerage commissions (including soft dollar payments), expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses, borrowing costs and extraordinary expenses.

**Custodial and Administration Fees**

With respect to the Funds, custody and administration fees, if any, are charged separately by the custodian or fund administrator and are in addition to management and investment advisory fees payable to us. **See Item 12 below.**

**Brokerage**

The Funds are responsible for and pay all brokerage fees and expenses. **See Item 12 below.**

**TERMINATION OF ADVISORY SERVICES**

We will continue to provide advisory services to each Fund until its assets are liquidated, or we are removed as the manager thereof (in accordance with the terms and conditions set forth in the applicable governing documents).

## **WITHDRAWALS**

Subject to the terms and conditions set forth in the governing documents of each Fund, Members are permitted to make complete or partial withdrawals from a Fund on a monthly basis. Withdrawals will be based upon the estimated net asset value per unit, as determined by the fund administrator, for the most recent quarterly period. Investors are required to provide us with prior written notice of any requested withdrawal; ACM maintains discretion to waive the stated notice period but will be coordinated within a trading window; notice of the trading window is provided to the investors and their authorized parties in writing.

For further details regarding withdrawal provisions applicable to each Fund, please review the applicable offering documents of such Fund.

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

### **PERFORMANCE BASED FEES**

As noted under Item 5 above, we may be entitled to receive performance-based fees with respect to our Clients. In addition, sub-advisors and sub-managers in which our Clients invest may charge performance-based allocations or fees. Performance-based fees and/or allocations could create an incentive for us, the sub-advisors and/or the sub-managers, as applicable, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because many performance-based fees or allocations are calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us, the sub-advisors and/or sub-managers, we, the sub-advisors and sub-managers face a conflict of interest in evaluating such portfolios. Our individual employees and affiliates (and employees and affiliates of the sub-advisors and sub-managers) who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. In order to mitigate such conflicts, as a fiduciary, ACM will make decisions which are in the best interests of its Clients.

### **SIDE-BY-SIDE MANAGEMENT**

Sub-advisors and sub-managers may manage accounts for which they are entitled to receive performance-based fees or allocations alongside accounts for which they are not entitled to receive any performance-based fees or allocations. This side-by-side management could create an incentive for the sub-advisors and sub-managers to favor accounts for which they or their employees or affiliates receive performance-based fees or allocations over the accounts for which fees are not payable. We attempt to address this conflict primarily through our trade allocation procedures and disclosure in this brochure and by monitoring sub-advisors and sub-managers to detect abuse.

## **Item 7 – Types of Clients**

### **TYPES OF ADVISORY CLIENTS**

ACM offers investment advice to private investment funds. In the future, we may provide investment advice to other clients including but not limited to, other private investment funds.

### **ACCOUNT REQUIREMENTS**

To invest in the Funds, investors must be, among other things, “accredited investors”, as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and for Funds that allow for a performance fee, must also be either “qualified clients” as such term is defined in Rule 205-3 under the Advisers Act, or “qualified purchasers” as such term is defined in Section 2(a)(51)(A) of the Company Act.

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

### **INVESTMENT STRATEGIES**

Investment strategies employed include long-and short-term purchases; short sales; purchases on margin; option writing (including covered options, uncovered options and spread strategies); and the use of certain other derivatives.

ACM may enter into derivative transactions when the use is consistent with established Fund investment guidelines and the firm’s investment strategy. A derivative is a financial arrangement between two parties whose payments or values are based on, or ‘derived’ from, the performance of some agreed-upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks.

Derivatives can be used for a variety of reasons. For example, if a portfolio consists of foreign investments that are denominated in the currency of the country of the issuer, we may want to reduce the risk of fluctuations in the value of such currencies. Or, we may want to modify the risk/return profile of a portfolio without incurring huge transaction cost and without disturbing the portfolio. Derivatives can be used to achieve these and other goals.



**CERTAIN RISK FACTORS**

*There can be no assurance that clients or investors will achieve their investment objectives or that the Fund's investments will be successful. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and can bear the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each client or investor.*

*General Market Developments.* Our success is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates and economic uncertainty. These and other factors may affect the level and volatility of securities prices and the liquidity of our clients' and the sub-funds' investments. Volatility or illiquidity could impair our profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from our clients' and the sub-funds' investments. There can be no assurance that general market developments in the future will not have a material adverse effect on us. It is important to understand that our clients could incur material losses even if we react quickly to difficult market conditions.

*Potential for Fraud.* Although we conduct due diligence on all sub-advisors, sub-funds and sub-managers, sub-advisors and sub-managers may engage in fraud. Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of this issue. The scope and long-term nature of such frauds is a testament to how difficult fraud is to detect and prevent. While we have instituted policies and procedures to avoid falling victim to fraud, there is no assurance we will be able to prevent all types of fraud by sub-advisors and sub-managers and other persons.

*Multiple Levels of Fees and Expenses.* As with most fund of funds investments, both we, the sub-advisors and the sub-funds and accounts impose management fees and other administrative fees and expenses. We impose, and the sub-advisors and sub-managers may also impose, performance-based allocations or fees. These multiple levels of fees and expenses result in greater expense and less return on investment than if such fees and expenses were not charged. The multiple levels of expense reduce our overall profitability.

*Valuation Risks.* We ordinarily expect to value client accounts based upon valuations of underlying investments provided by sub-advisors, sub-managers, custodians and other third-parties. We will not have sufficient information to be able to confirm or review the accuracy of valuations provided by sub-advisors, sub-managers and other third-parties. Furthermore, valuations received from sub-advisors, managers and other third-parties may be estimates only, and such valuations will be used to calculate the net asset value and management fee accruals (to the extent applicable) in respect of client accounts to the extent that current audited information is not available. Such valuations may be subject to later

adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audit adjustments.

We expect to rely on the valuation information most recently provided by a sub-advisor and/or a sub-manager to us and any other factors deemed relevant by us at the time of such valuation (except to the extent we know or reasonably believe that such valuations are materially inaccurate). Such determination may be materially inaccurate, because the information available to us was insufficient, inaccurate or out of date. It is not expected that we will make adjustments to correct such determinations to reflect information that becomes available to us at a later date, although we may make such adjustments in our sole discretion.

*Investment Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful. Certain investment techniques utilized by us, the sub-advisors and the sub-funds will, in certain circumstances, maximize the impact of adverse market moves to which we, the sub-advisors and the sub-funds are or will be subject. The performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by, us, the sub-advisors or the sub-funds. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. As a result of the nature of investment activities, it is possible our financial performance (including net asset values) may fluctuate substantially from period to period. Clients could lose a substantial portion or all of their investment.

Our profitability will depend substantially upon (i) our, the sub-advisors and the sub-managers ability to correctly assess future price movements of securities and the potential for new investments and (ii) our ability to identify and select successful sub-advisors, sub funds and sub-managers. We cannot guarantee that we will be successful in selecting profitable and successful sub-advisors, sub funds or that we and/or the sub-advisors and sub-managers will be successful in accurately predicting the value of potential investments.

*Unlimited Range of Potential Investments.* Our investment activities will not be limited to the strategies or types of strategies described in the applicable offering documents or this brochure. Rather, we may pursue any investment strategy determined to be appropriate from time to time, in our sole discretion, without any notice to investors. This unlimited range of potential investments may include substantial investments in strategies not previously pursued by us and with which we and our personnel have limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks.

*Portfolio Concentration.* Some sub-managers may have overlapping strategies or portfolios and thus could accumulate large positions in the same or related instruments at the same time. In many cases, however, we may not be given access to information regarding the actual investments made by the sub-funds and separately managed accounts in which a client invests or with respect to which a client allocates capital as such information is considered proprietary by the applicable sub-managers. As a result, we ordinarily will be unable to ascertain the degree of a client portfolio's overall hedged or directional

positions, or the extent of concentration risk or exposure to specific markets or strategies. Even if we were able to ascertain these matters, our ability to mitigate the associated risks would depend on our ability to reallocate capital among existing or new sub-managers. This might not be feasible for several months until withdrawals and contributions are permitted by the relevant sub-funds.

Because each sub-manager will trade independently of the others, the trading losses of some sub-managers could offset trading profits achieved by the profitable sub-managers. Different sub-managers might compete for the same investment positions. Conversely, some sub-managers may take offsetting positions which would result in transaction costs for a client without the possibility of profits.

*Equity Risks.* We, the sub-advisors and the sub-funds invest in equity and equity derivative securities. The value of these securities varies with the performance of the issuer and movements in the equity markets and for specific sectors. As a result, our clients and the sub-funds may suffer losses if we, the sub-advisors or the sub-funds invest in equity securities of issuers whose performance falls below market or industry expectations or if equity markets or specific sectors decline and we and/or the sub-funds have not hedged against such a decline.

*Distressed Securities.* We, the sub-advisors and the sub-funds may invest client assets in distressed securities. Investments in distressed securities involve acquiring securities of companies that are experiencing significant financial difficulties and of companies that are, or appear likely to become, bankrupt or involved in a debt restructuring or other major capital transaction. Consequently, there is a high degree of risk associated with these investments because such companies may never recover, and the value of such investments may be lost.

We, the sub-advisors and the sub-funds may invest and trade in securities of companies that we, the sub-advisors or the sub-managers, as applicable, believe are undervalued in the sense that, although they are not the subject of an announced tender offer, merger or acquisition transaction, in our, the sub-advisors' or the sub-managers' view the companies are potential candidates for such a transaction. In such a case, if the anticipated transaction does not in fact occur, we, the sub-advisors and/or the sub-funds may sell the securities at a loss.

*Competition.* The markets in which we (directly or indirectly through sub-advisors or sub-funds) participate and strategies in which we engage are extremely competitive. There can be no assurance that we, the sub-advisors and the sub-managers will be able to identify or successfully pursue attractive investment opportunities in this environment. We, the sub-advisors and the sub-managers compete with many firms that have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to such persons.

*Interest-Rate Risk.* The value of the fixed-rate securities in which we, the sub-advisors or the sub-funds may invest will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities will decline, which may in turn adversely affect our profitability.

*Short Sale Risks.* Our investment program may involve the use of short sales. In a short sale, securities are sold that have been borrowed from a third-party lender, typically a brokerage firm or other institution. When borrowing securities for short sales, we will be required to pledge deposits of cash, or a combination of cash and securities, equal to or exceeding the market price of the securities borrowed. The amount of such deposits may increase or decrease to reflect the changes in the market value of the borrowed securities. The securities lender will have the right to demand the return of the borrowed securities at any time. Selling securities short without first determining that securities are available to borrow is a violation of applicable rules and regulations. A short-seller will profit only if it can “repay” the lender of the securities with securities it purchases at a lower price than it received in its short sale. Although short selling will permit us, the sub-advisors and the sub-funds to profit from declines in the price of securities, both we, the sub-advisors and the sub-funds could experience losses if we, the sub-advisors and/or the sub-funds are required to replace borrowed securities by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale. Purchasing securities in the market to close out a short position can itself cause market prices to increase further. As a result, there will be potential for unlimited loss, unless we are adequately hedged against increases in market price.

*Hedging Risks.* We, certain sub-advisors and sub-managers may attempt to hedge portfolios by, among other things, taking long and short positions in related securities. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio’s value. Such hedging transactions also may limit the opportunity for gain if the value of the portfolio position should increase. We, the sub-advisors or sub-managers may elect not to hedge against certain risks, and risks may exist that are not identified or hedged effectively. Furthermore, we, the sub-advisors and the sub-managers may change hedging strategies at any time, in our, the sub-advisors’ and/or sub-managers’ sole discretion and without any notice to clients, as applicable, choosing for example not to hedge risks that we have attempted to hedge in the past.

Even when we, the sub-advisors and/or the sub-managers do attempt to hedge against a particular risk, there can be no guaranty that the hedging strategy will be successful. The success of hedging transactions depends upon our, the sub-advisors and the sub-managers ability to structure correctly. Therefore, while we, the sub-advisor and/or the sub-manager may enter into hedging transactions to seek to reduce market risk, improper structuring of the portfolios may result in a poorer overall performance than if we and/or the sub-advisor had not engaged in such transactions. In addition, the degree of correlation between price movements of the securities used in a hedging strategy may vary. Such imperfect correlation may prevent us from achieving the intended hedge and expose us and the sub-funds to risk of loss.

*Derivatives.* We, sub-advisors and sub-managers, may use derivative instruments, including (among others): convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. We, sub-advisors and sub-managers may use derivatives extensively. In many cases, derivatives provide the economic equivalent of leverage by

magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses. In some cases, exposure under a derivative contract will be limited to the amount invested (for example, when we or the sub-fund buy a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when we or the sub-fund write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because we or the sub-funds acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract. Further, if and when we, a sub-advisor and/or a sub-manager take economic exposure through a derivative, we, the sub-advisor and/or the sub-manager will not have any voting rights and may not be able to pursue legal remedies that would be available if we, the sub-advisor and/or the sub-fund invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to us, our clients and the sub-fund. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions.

*Risks Associated with Commodity Futures, Forwards and Related Instruments.* Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." These limits could prevent us and the sub-advisors from promptly liquidating unfavorable positions and subject us and the sub-funds to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which our clients' or the sub-fund's assets may be invested are influenced by, among other things; interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain

markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. We, the sub-advisors and sub-managers also will be subject to the risk of the failure of any of the exchanges or clearing houses used to trade.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we or sub-funds would otherwise recommend, to our and the sub-funds’ possible detriment. Market illiquidity or disruption could result in significant losses.

*Illiquid Investments.* Any otherwise liquid investment may become substantially illiquid in the future under certain market conditions, none of which are under our control. Other investments held by us may be subject to resale restrictions under applicable securities laws or applicable contracts. The markets for other financial instruments are inefficient or unreliable, and the spreads between bid and asked prices are too large to represent a true market. Any such investments may be difficult or impossible to sell or may be salable only at a substantial discount to their reported value. As a result, investments in illiquid financial instruments could have a material adverse effect on client performance.

*Counterparty Risks.* We, the sub-advisors and the sub-managers enter into many transactions with third parties in which the failure or delay of the third party to perform its obligations under a contract with us, a sub-advisor or a sub-fund could have a material adverse effect on us, a sub-advisor or such sub-fund. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of a counterparty’s insolvency on us, a sub-advisor or the sub-funds or our clients’ and the sub-funds’ assets. Investors should assume that the insolvency of any of our, sub-advisors or the sub-funds prime brokers or other

counterparties would result in the loss of all or a substantial portion of our clients' or sub-funds' assets held by such prime broker or counterparty.

*Leverage Risks.* We, the sub-advisors and the sub-funds may use substantial leverage in their investment programs and may borrow funds from brokers, banks, counterparties and other lenders to finance their trading operations. Such leverage may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps and securities lending transactions. The use of leverage involves a high degree of risk. To secure its various financing arrangements, a sub-fund may grant guaranties and pledge or otherwise transfer to lenders any of its assets, including specific assets, pools of assets or interests in subsidiary entities. Investors in the sub-fund, such as our clients, are equity holders, and their rights are therefore junior to and subject to the satisfaction of the prior claims of all creditors.

The use of margin, derivatives and short-term borrowings may result in substantial interest and financing costs to the sub-funds and may create additional risks. If the value of a sub-fund's securities or derivatives positions falls below the margin or collateral levels required by a prime broker or other counterparty, additional margin or collateral deposits would be required. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the sub-fund's agreements with other brokers, lenders, clearing firms or counterparties, multiplying the adverse impact to the sub-fund. In addition, because the use of leverage will allow the sub-funds to control positions worth significantly more than their investments in those positions, the amount that the sub-funds may lose in the event of adverse price movements will be high in relation to the amount of their investments.

In the event of a sudden drop in the value of a sub-fund's assets, the sub-fund might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements or other contractual obligations. In that event, the sub-fund may become subject to claims of financial intermediaries that extended margin loans or other types of credit. Such claims could exceed the value of such assets of the sub-fund. The banks, dealers and other counterparties that provide financing to the sub-funds can apply essentially discretionary margin, haircut financing and collateral valuation policies. Changes by banks, dealers and other counterparties in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the sub-funds will be able to secure or maintain adequate financing, without which the sub-funds may not continue to be viable.

*Below "Investment Grade" Securities.* Some sub-advisors and sub-managers may invest in bonds or other fixed income securities, including, "high yield" (and, therefore, high risk) debt securities. These securities may be below "investment grade" and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

*Replacement of Sub-advisors, Sub-managers or Pooled Investment Vehicles.* We generally are not restricted in appointing or replacing sub-advisors, sub-managers or sub-funds. Client investments with a particular sub-advisor, sub-manager or sub-fund may be replaced for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position with such sub-advisor, sub-manager or sub-fund. Replacement of sub-advisors, sub-managers or sub-funds may involve greater fees, which will be borne directly by the applicable client.

*Sub-advisors, Sub-Fund Manager Misconduct or Bad Judgment.* It will be difficult, and likely impossible, for us to protect clients from the risk of fraud, misrepresentation or simple bad judgment by sub-advisors or sub-managers. Among other things, a sub-advisor or a sub-manager could divert or abscond with the assets allocated to it, fail to follow its stated investment strategy and restrictions, issue false reports or engage in other misconduct. This could result in serious losses to clients.

*Wide Investment Discretion.* The governing documents of sub-funds and investment management agreements of separately managed accounts in which a client invests or allocates its capital typically will not impose significant restrictions on the manner in which the sub-advisors and sub-managers may invest and trade for, and often will permit the sub-advisors and sub-managers to invest and trade in a broad range of financial instruments. As a result, the sub-advisors and sub-managers may from time to time modify their investment strategies in response to changing market conditions, in some cases without notice to us. Any such modification could involve changes in the types of instruments a sub-advisor or a sub-manager uses to implement its strategy, as well as changes in the markets in which such instruments trade. There can be no assurance that any such modification would be successful or not result in losses to the client.

*Lack of Information Concerning Sub-advisors and Sub-managers.* We may not learn of significant sub-advisor or sub-manager structural events, such as personnel changes, major asset withdrawals/redemptions or substantial capital growth, until after the fact.

*Sole Principal Sub-advisors and Sub-managers.* Some of the sub-advisors and sub-managers to which we may allocate client capital may consist of only one or a limited number of principals and key employees. If the services of any of such principals or employees became unavailable (for example, by reason of death, disability, severance or retirement), sub-funds and separately managed accounts, and thus our clients, could sustain losses.

*Competition.* Sub-advisors and sub-managers may engage in investment and trading activities which are highly competitive with other investment and trading programs including those of mutual funds and other financial institutions, investment banks, broker/dealers, commercial banks, insurance companies and pension funds, as well as private investors, all of whom may have investment objectives similar to those of the sub-advisors and sub-managers. These competitors may have substantially greater resources and substantially greater experience than the sub-advisors and sub-managers.



*New Sub-advisors and New Sub-managers.* Some sub-advisors and sub-managers may be new or relatively new ventures and have little or no operating history upon which their performance can be evaluated.

*Risk of Litigation.* Sub-advisors or sub-managers might become involved in litigation as a result of investments made by sub-funds or separately managed accounts. Under such circumstances, such sub-fund or a client could be named as a defendant in a lawsuit or regulatory action.

*Misuse of Confidential Information.* In trading public securities, there are consequences for trading on insider information, and we expect that sub-advisors and sub-managers will use only public information. Sub-advisors or sub-managers may be charged with misuse of confidential information. If that were the case, the performance records of these sub-advisors or sub-managers could be misleading. Furthermore, if a sub-advisor or a sub-manager or entity with which a client invests has engaged in the past or engages in the future in such misuse, the client could be exposed to losses.

*Increase in Amount of Assets Under Management.* We may invest client assets with sub-advisors or sub-managers who are experiencing a major increase in the assets they manage. It is not known what effect, if any, an increase in the amount of assets under management will have on their trading strategies or investment results, but it could impair the ability of their strategies and operations to perform up to historical levels.

*Other Clients of Sub-advisors and Sub-managers.* The sub-advisors and sub-managers have responsibility for investing the funds allocated to them. The sub-advisors and sub-managers also manage other accounts (including other accounts in which the sub-advisors or sub-managers may have an interest) and may have financial and other incentives to favor such accounts over accounts in which our clients invest. In investing on behalf of other clients, as well as our clients, sub-advisors and sub-managers must allocate their resources, as well as limited market opportunities. Doing so not only could increase the level of competition for the same trades that otherwise might be made for our clients, including the priorities of order entry, but also could make it difficult or impossible to take or liquidate a particular position at a price indicated by a sub-advisors or a sub-manager's strategy.

*Cybersecurity.* ACM and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both ACM and the Funds to costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach

could lead to withdrawals from a Fund. While ACM has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, ACM and the Funds cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and/or the issuers in which the Funds invest.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ANY APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS**

### **Item 9 – Disciplinary Information**

ACM has no history of disciplinary infractions. Nor do any of its officers, directors or key personnel have a disciplinary history.

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

None.

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

#### **Code of Ethics**

We have adopted and implemented a code of ethics in accordance with Rule 204A-1 of the Advisers Act, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, and encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by our employees.

#### **Participation in Client Transactions**

With the exception of Performance-Based-Fees and Side-By-Side-Management, we do not participate in the profits or losses of a Client's account. This is prohibited.

See Item 6 for further information regarding Performance-Based Fees and Side-By-Side Management

**Personal Trading**

We may invest in the same securities as those we purchase for the Funds, as long as we do not disadvantage any investors in doing so.

**Valuations**

We expect to value investments owned by clients based primarily upon valuations of underlying investments provided by sub-advisors, sub-managers and/or other third parties. To the extent that we perform valuation services relating to securities, financial instruments and other assets owned by our clients, we will attempt to value such investments at fair value in accordance with our valuation policies and procedures. We may face a conflict of interest with respect to such valuations as they will impact the compensation payable to us. In addition, to the extent we utilize third-party vendors (administrators or custodians) to perform certain valuation functions, these vendors may have interests and incentives that differ from those of our client accounts. ACM Valuation Policies are available upon request.

**Conflicts of Interest**

We may cause a client to enter into transactions and arrangements involving actual or potential conflicts of interest. Specifically, we may make investments in sub-funds or allocate assets to sub-advisors or sub-managers (a) where we or our affiliates have economic or financial interests in such sub-funds, sub-advisors, sub-managers and/or the general partners or managers thereof, or (b) from which we and/or our affiliates receive services and/or products. To the extent permitted by applicable law, we may invest or recommend investments in pooled investment vehicles, companies or other issuers that have been established and/or managed by us and/or our affiliates. If a client is an investor in another investment fund established or managed by us and/or our affiliates, we might have potentially conflicting division of loyalties and responsibilities regarding such client and such other investment fund, and certain other conflicts of interest would be inherent in the situation. We may cause a client to buy securities or other investments from, or sell securities or other investments to, one or more of our other clients.

We will review the foregoing and any other transactions involving actual or potential material conflicts of interest and take such steps as we deem necessary and/or appropriate to ensure that the terms thereof are fair and reasonable under the circumstances and, if we approve, we may consent to such transactions on behalf of the Funds or seek the consent of Fund investors.

ACM, as a matter of policy, does not have a proprietary trading account and does not own any securities for its own account. Consequently, ACM does not sell securities to or purchase securities from Clients.

The CCO is required to retain records concerning the codes of ethics that have been in place for the preceding five years; records of violations; written acknowledgment of receipt of the code annually; records of reports and other information related to the Code of Ethics and violations.

ACM will provide a copy of the code of ethics to any client or prospective client upon request. Clients may request a copy by contacting the firm's CCO at (512) 275-1721 or in writing at [compliance@axysgroup.com](mailto:compliance@axysgroup.com) or,

Axys Capital Management  
Attn: Chief Compliance Officer  
1613 S. Capital of Texas Hwy, Suite 201  
Austin, Texas 78746

## **Item 12 - Brokerage Practices**

In providing investment management and advisory services, ACM is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid, if any. Where a Fund invests in Sub-Funds managed by an unaffiliated Sub-Advisor or Sub-Manager selected by ACM, ACM will not have the ability to determine which securities and the amounts of securities that are bought or sold, nor will ACM necessarily be able to determine the broker dealer to be used and the commission rates to be paid.

As disclosed in each Fund's offering documents, the Funds invest in Sub-Funds. ACM does not currently execute any security trades through brokers. However, ACM has established written brokerage policies for future potential use and will endeavor to select brokers or dealers which will provide the best execution at competitive rates.

In no case will ACM make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

### **Soft Dollar Practices**

We do not use soft dollar items and have not entered into any soft dollar arrangements. With respect to investments in sub-funds and separately managed accounts, the sub-advisors and sub-managers may use soft dollar items and/or enter into soft dollar arrangements with brokers whereby the sub-advisors and sub-managers receive certain benefits from brokers for causing sub-funds or separately managed accounts to maintain accounts with such brokers.

**Directed Brokerage**

ACM does not allow for and has not entered into directed brokerage arrangements.

**Cross Transactions**

ACM does not engage in agency or principal cross transactions. ACM Clients may engage in cross transactions based upon arm's length terms executed at fair value with the prior approval of the CCO.

**Research**

Currently, ACM does not use client brokerage commissions (or markups or markdowns) to obtain research services.

**Allocation of Investment Opportunities**

ACM performs investment advisory services for multiple clients and may give advice and take action, with respect to any of those, which may differ from the advice given or the timing or nature of action taken with respect to any other client. Provided that, over a period of time and to the extent practical, ACM allocates investment opportunities to each client and account on a fair and equitable basis relative to other similarly situated client accounts.

**Item 13 - Review of Accounts**

Review of Accounts

The Chief Investment Officer is responsible for monitoring and maintaining compliance with the client objectives and conducts reviews periodically throughout the year. Formal reviews are conducted at least annually. This includes a review of client portfolio asset allocation, the effects/or demands of external cash flows, investment strategies, securities, adherence to client investment guidelines and benchmarks, and performance analysis.

**Reports to Investors**

We provide investors in each of the Funds with annual audited financial statements, quarterly fund reports, a quarterly statement of net asset value on an individual investor basis that is prepared by the fund administrator, and annual U.S. income tax information. All such statements and reports are written.

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

We do not enter into agreements with or make commitments to broker-dealers or any other persons or entities under which we are obligated to compensate them for client referrals. ACM does not receive any portion of the compensation charged by sub-advisors or sub-managers. A change in ACM's policies requires a determination to do so by ACM's sole Manager. If such a change occurs, we will inform clients about the terms of that policy and compensation to others under it.

## **Item 15 – Custody**

We are deemed to have custody of each Fund's cash and securities. We have engaged an independent public accounting firm to conduct an annual audit of each Fund and audited financial statements (prepared in accordance with accepted accounting principles) are provided annually to investors. We will provide such statements to investors within 180 days (or such other period set forth in the applicable governing documents or required by applicable law) after the end of each fiscal year. The Fund administrator prepares and provides account statements directly to investors in the Funds.

## **Item 16 – Investment Discretion**

### **Discretionary Authority**

Under the terms of the Limited Liability Company Agreement of each Fund, ACM is named the Manager and is responsible for the management of each Fund, implementation of major decisions and day to day operations of each Fund. On behalf of each Fund, ACM entered into an investment advisory agreement with TAM which provides TAM with discretionary authority over certain segregated assets and accounts. For such segregated assets and accounts, TAM has the authority to determine, without obtaining specific Fund or ACM consent, the securities to be bought or sold, amount of securities to be bought or sold, broker or dealer to be used and commission rates paid. With respect to all other assets of the Funds, TAM shall supervise and direct the investments of the Funds on a non-discretionary basis and seek approval of ACM related to the terms and conditions of each particular investment. TAM is required to adhere to the investment policy statement of each Fund which are based upon the investment objectives and guidelines established by the Offering Documents prescribed for each Fund.

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

### **Proxy Voting Policies and Procedures**

The CIO/CCO, is responsible for voting the proxies in the best interest of the Funds, the investors of the Funds and submitting promptly and properly. While proxy voting on all issues presented should be considered, voting on all issues is not required. Some issues presented for a proxy vote of security holders are not deemed relevant to ACM's voting objective or it is not

reasonably possible to ascertain what effect, if any, a vote on a given issue may have on a client's investment. Additionally, ACM may decide that avoiding further expense and investigation and not voting at all on a presented proposal may be in the best interest of a client. Accordingly, ACM may abstain from voting in certain circumstances. With regards to discretionary assets managed by a sub-advisors and sub-managers, ACM may delegate the voting of proxies to the sub-advisors or sub-managers and if so, will require voting decisions to be based upon the best interest the Funds.

**Class Action Lawsuits**

ACM is responsible for exercising clients' rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. ACM will not notify clients regarding class action lawsuits and will not transmit proof of claim forms to clients except upon client request.

**Item 18 – Financial Information**

As an adviser that has discretionary authority and does not seek client fees six months in advance, ACM is required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. ACM knows of no such financial condition.

**BROCHURE SUPPLEMENT**

AXYS CAPITAL MANAGEMENT  
1613 S. Capital of Texas Highway, Suite 201  
Austin, Texas 78746  
(512) 275-1721

THIS BROCHURE SUPPLEMENT PROVIDES INFORMATION ABOUT CHRISTOPHER HAMM THAT SUPPLEMENTS AXYS CAPITAL MANAGEMENT'S BROCHURE. YOU SHOULD HAVE RECEIVED A COPY OF THAT BROCHURE. PLEASE CONTACT AXYS CAPITAL MANAGEMENT AT (512) 275.1721 IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS SUPPLEMENT.

ADDITIONAL INFORMATION ABOUT AXYS CAPITAL MANAGEMENT IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).



## **Educational Background and Business Experience**

### **Christopher Hamm - Chief Executive Officer, Chief Compliance Officer, and Chief Investment Officer**

*Born 1967*

Mr. Hamm founded Axy Capital, LLC "ACM" in 2009. He began his career in 1991 on the taxable fixed income desk at Howard Weil in Houston, later joining PaineWebber as Vice President – Capital Markets, Oppenheimer & Co. as Senior Vice President, and ultimately Director of Institutional Services at CIBC before starting his own firm. In 1998 Mr. Hamm founded Service Financial Group, Memorial Investment Advisors, and Memorial Funds, a registered investment company, and developed the Millennium Funds, a series of private investment funds. In 2003 Chris founded EMPRESA Technology, a SOS company focused on the financial services industry, specializing in trust and fund administration. Mr. Hamm pursued his BBA in Economics at Texas Tech University and has over 28 years of investment industry experience

### **Disciplinary Information**

We do not have any legal, financial or disciplinary items to report for Christopher Hamm.

### **Other Business Activities**

Christopher Hamm is the sole member of Empresa Technology LP d/b/a Axy Data, which provides third party trust administration services.

Christopher Hamm joined the Board of Directors of Amplify Energy Corporation (OTCX:AMPY) in May 2017.

### **Additional Compensation**

Neither ACM nor any of its employees receive additional compensation from third parties in connection with providing investment advice to clients.

### **Supervision**

Christopher Hamm is responsible for supervising other representatives of ACM and the advice that those supervised persons provide to clients to detect and prevent violations of applicable securities laws. To fulfill this responsibility, ACM has implemented procedures and a system for applying such procedures as part of its compliance manual that it believes are reasonably designed to detect and prevent violations by supervised persons.