

## Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Convoy Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (302)319-3659. 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.

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

## **Item 2. Material Changes**

This brochure dated March 17, 2020 (the "Brochure"), was last updated on February 28, 2019.

Convoy's asset under management is changed from \$41.1 million as of 12/31/2018 to approximately \$49.9 million as of 12/31/2019.

### Item 3. Table of Contents

	<u>Page</u>
Item 2. Material Changes .....	ii
Item 3. Table of Contents .....	1
Item 4. Advisory Business .....	3
Structure; History and Ownership .....	3
Types of Advisory Services .....	3
Assets Under Management .....	4
Item 5. Fees and Compensation .....	4
Fees .....	4
Expenses .....	4
Item 6. Performance-Based Fees and Side-by-Side Management .....	5
Item 7. Types of Clients .....	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Methods of Analysis and Investment Strategies .....	6
Investment Strategy .....	6
Risk Management .....	6
Risks Associated with Our Investment Strategy .....	6
Item 9. Disciplinary Information .....	12
Item 10. Other Financial Industry Activities and Affiliations .....	13
Material Financial Industry Affiliations of the Firm .....	13
Conflicts of Interest .....	13
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Code of Ethics .....	14
Interested Transactions .....	15
Item 12. Brokerage Practices .....	15
Selection of Brokers .....	15
Soft Dollars .....	16
Aggregation of Orders .....	16
Item 13. Review of Accounts .....	17
Item 14. Client Referrals and Other Compensation .....	17
Item 15. Custody .....	17
Item 16. Investment Discretion .....	17

Item 17. Voting Client Securities .....	18
Item 18. Financial Information .....	18

## **Item 4. Advisory Business**

### **Structure; History and Ownership**

Convoy Investments, LLC is an investment advisory firm with its principal place of business in New York, New York. Convoy Investments, LLC will be referred to in this brochure as “Convoy,” “we” or the “firm.”

The firm is organized as a Delaware limited liability company. We commenced business in 2013, and we are registered as an investment adviser with the Securities and Exchange Commission (“SEC”) during the first quarter of 2015. Convoy is registered as a commodity pool operator (CPO) with the U.S. Commodity Futures Trading Commission (the “CFTC”) during the first quarter of 2018.

The firm has no employees other than its two owners, Howard Wang and Robert (Wenquan) Wu.

### **Types of Advisory Services**

We provide investment advisory services to private investment funds, (referred to in this brochure as “the funds,” including both current and future funds) as general partner or investment adviser. We also provide investment advisory services to separately managed accounts (referred to in this brochure as “the separate accounts”). The fund and the separate accounts to which we provide investment advisory services are sometimes referred to together in this brochure as “the accounts.”

The private investments fund to which we currently provide investment advisory services is Convoy Funds, L.P., a Delaware limited partnership (“Convoy Funds” or the “fund”).

We expect to provide investment advisory services to more private investment funds in the future. The funds may differ in the amount of leverage they employ and the types of investors to whom they are offered. Convoy may, at its discretion, form an offshore sister fund to Convoy Funds in the future to be managed by the firm or an affiliate. Further, we may, at our sole discretion, elect to have Convoy Funds and any offshore sister fund invest jointly through a third affiliated entity in what is commonly termed a master-feeder investment structure.

The fund offers securities to investors only through private placements of such securities. The detailed terms applicable to investors in the fund are described in the fund’s offering memorandum.

In addition to the fund, we also offer our investment advisory services to certain institutional investors on a separately managed account basis. Such arrangements are governed by the investment advisory agreement between us and each separate account client.

Convoy specializes in long-term globally diversified investment strategies. Through quantitative analysis and proprietary models, the firm endeavors to create a diversified asset allocation with the goal of generating superior risk-adjusted returns while minimizing fees, taxes, and trading costs. We invest in a wide spectrum of securities and instruments based on our global macro research as well as our proprietary models. We may utilize leverage on behalf of our accounts on a moderate basis.

The investment strategy we employ on behalf of the fund and the separate accounts is described in greater detail below at Item 8 and in the offering documents of the fund. Because our aim is to deliver the best possible portfolio to all clients, we typically we do not tailor the strategy to the needs of individual fund investors or separate account clients. However, in certain limited circumstances, we may agree with particular fund investors or separate account clients that they will not participate in certain investments made by the fund in which they are invested or that would otherwise be purchased for their account pursuant to the strategy.

## Assets Under Management

As of December 31, 2019 Convoy managed approximately \$49.9 million of client assets on a discretionary basis and no client assets on a non-discretionary basis.

## Item 5. Fees and Compensation

### Fees

Currently, we only charge our accounts a management fee. We do not accept performance-based compensation from our clients.

The management fee for Convoy Funds is based on a percentage of the fund's assets Convoy is managing at the beginning of every quarter. Accordingly, the fund's quarterly investment management fee is 0.3125% (1.25% annually). We bill our management fees on a quarterly basis, at the end of each quarter. The details of how the fees are calculated for the fund can be found in its organizational and offering documents, which are provided to potential investors. The management fee rate for separate account clients depends on the amount each client invests with the firm. Generally, higher investment amounts will be subject to lower management fee rates. The details of how the fees are calculated for the separate accounts are included in the investment advisory agreement for each such separate account.

The fees described above are our typical fee rates. However, each fund has the right to enter into agreements with one or more of its investors providing for the waiver or modification of certain terms of the offering of fund interests, or certain rights and obligations of fund investors, including fees, otherwise applicable to such interest(s), in each case without notice to the other fund investors. Under certain circumstances we may agree to different fee terms from those described above for particular separate account clients.

The fees payable by the fund are generally deducted from the assets of the fund and paid to us or reallocated from the capital accounts of investors and into our capital account. Fund investors may also elect to be billed separately. Our fees from the separate accounts are typically billed separately, and clients may direct their fees to be deducted from their investment accounts.

As noted above, management fees incurred by the fund and separate accounts are typically payable at the end of each quarter. Fund investors will be subject a pro-rated management fee with respect to any subscription to a fund made other than at the beginning of a quarter or withdrawal/redemption made from a fund other than at the end of a quarter based upon the portion of the quarter for which the assets were invested. Separate account clients will typically also be subject to a pro-rated management fee with respect to partial-period investments based upon the portion of the quarter for which the assets were invested.

### Expenses

Each fund pays, or reimburses us or the fund's administrator for, all operating expenses and other costs of the fund that we are not required to bear including, but not limited to:

- accounting and auditing fees, including
  - tax return preparation costs, relating to the fund's accountants,
  - fees of bookkeepers and

- related services;
- legal fees and expenses;
- fees (including legal fees) or assessments in connection with any regulatory registrations, qualifications or approvals of the fund or us that we deem appropriate in connection with the activities of the fund;
- the cost of preparation and distribution of reports and statements to investors; and
- all trading expenses and transaction costs, including brokerage commissions and expenses relating to short sales, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses.

We may elect to bear some of the organizational expenses of the fund as we deem appropriate.

Separate account clients will generally be responsible for all custodial fees, brokerage commissions, clearing fees, interest and withholding or transfer taxes incurred in connection with trading for the account of the separate account, and our fees as described above.

As we consider appropriate, we may invest a portion of a fund's or separate account's assets in one or more money market funds, mutual funds or exchange-traded funds. When any such investments are made, the fund or separate account client will be paying, in addition to the compensation payable to us, the fund or separate account's proportionate share of any management fees charged by the manager of such money market fund or mutual fund.

A description of the brokerage and other transaction costs that will be borne by the fund and separate accounts are described in more detail in Item 12 (*Brokerage Practices*) in this brochure.

Neither Convoy nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As described in Item 5 above, the firm does not charge performance-based allocations and fees.

## **Item 7. Types of Clients**

We generally provide investment advice to private investment funds and institutional separate accounts. The types of investors in the fund we currently advise generally includes individual accredited investors. In the future, the types of investors in any funds we manage may include pension and profit sharing plans; trusts, estates and charitable organizations; funds of hedge funds (whether organized as partnerships, corporations or other entity types), high net worth individuals and family offices.

We currently have one separately managed account client. There is no minimum size for separate accounts that we advise. The fund has a minimum initial investment amount of \$500,000, which amount may be reduced or waived by Convoy.

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

### Methods of Analysis and Investment Strategies

#### Investment Strategy

The firm's primary investment strategy's objective is capital appreciation over time. We employ a globally diversified investment strategy on behalf of the accounts with the goal of delivering a relatively stable return stream while minimizing fees, taxes and trading costs. Our investment strategy is based on the idea that disciplined diversification across various asset classes globally can produce positive returns. Our proprietary model forecasts the long-term return, risk and correlation characteristics of various asset categories across the globe. We then attempt to create a portfolio optimized for diversification across asset categories and countries.

Convoy implements its investment strategy on behalf of the accounts through the use of various instruments, including but not limited to, publicly-traded securities, derivatives, currencies and options. While we primarily invest account assets in long financial assets, our investment strategy does include some short selling, primarily for hedging purposes. In the interest of both preserving capital and taking advantage of profit opportunities, we retain the flexibility to invest in other asset types and use a broad range of investment techniques. Further, Convoy may utilize leverage on a moderate basis as necessary.

The net market exposure of each fund and separate account (each such fund or separate account will be referred to in this section as an "account") may vary significantly depending on our assessment of shifting economic and market conditions as well as particular long and short investing opportunities. We may, from time to time, cause an account to hold all or a portion of its assets in cash or cash equivalents when opportunities are limited or in other circumstances we deem appropriate.

Our investment strategy inherently involves certain significant risks. There can be no assurance that our investment objective will be realized or that any account will be profitable in the future. See the section titled "*Risks Associated with Our Investment Strategy*" below.

#### Risk Management

We apply risk controls in the management of accounts' portfolios. We use a variety of ongoing risk management policies and practices, including monitoring and adjustment of portfolio exposures.

Notwithstanding the above risk management practices, our investment strategy inherently involves certain significant risks. See the section titled "*Risks Associated with Our Investment Strategy*" below. Moreover, there can be no assurance that the above practices will necessarily be applied in all cases, or if applied, will successfully limit risk to acceptable levels.

### **Risks Associated with Our Investment Strategy**

The investment involves risk and is suitable only for sophisticated or professional clients who can afford to lose their entire investment. Each investor must have enough knowledge and experience to evaluate the risks of such investments. The investment strategy described above that we use for the accounts covers a wide range of investment types. Material risks involved in the strategy are described below.

**Alternative Investing Generally.** Our strategy is designed for investors seeking potential long-term growth from alternative investments, who do not require regular current income and who can accept a high degree of risk in their investments. In view of, among other things, the strategy's flexibility to invest in a wide range



of securities and instruments and to use a broad variety of investment techniques, the strategy may be deemed speculative in nature and is not intended to be a comprehensive investment program. The strategy is intended solely for sophisticated investors who are accustomed to and fully understand the risks of such investments.

No assurance can be given that we will achieve our investment objective or that an account's investment strategy will be successful.

**General Investment Risk.** Convoy bases its investment approach on a combination of fundamental understanding and quantitative analysis. Our understanding, however, may for a variety of reasons, fail to predict future market behaviors. While we believe our strategy would generate superior long-term risk adjusted returns, investors should be prepared to experience significant short-term volatility and fluctuations in the value of their investments. Further, investments in financial instruments are subject to unpredictable market forces, and risk permanent loss of capital during sudden changes (e.g., a market crash).

**Concentration of Investments.** The accounts' investment portfolios may, at Convoy's discretion, be confined to relatively few instruments or issuers. There will be no fixed limits regarding concentration as to industries, industry sectors or types of investments. Any concentration necessarily increases the degree of exposure to a variety of market risks. By concentrating investments in a small number of investments relative to capital, a loss in any such position could materially reduce an account's performance or asset base, to the extent not offset by other gains.

**Short Selling.** The firm mostly uses short selling as a hedge or offset to related long positions, although we may also use short selling speculatively at our discretion. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by an account in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the account might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

**Market Volatility.** The profitability of the accounts will depend primarily on our understanding of the market. While we believe that the strategy would be profitable in the long run, market volatility can lead to significant short-term losses. There can be no assurance that our investment strategy, including its hedging techniques, or other investment strategies or techniques, will be effective in protecting the accounts from such price volatility.

**Illiquid Positions.** While we normally will trade only instruments that have sufficient liquidity to enable the accounts to enter and close out positions without causing extreme price movements, there is no assurance that intervening events, such as an exchange or the CFTC suspending trading in a particular futures contract, ordering immediate liquidation or settlement of a particular futures contract or ordering that trading in a particular futures contract be conducted for liquidation only, will not render an once liquid asset illiquid.

In addition, most United States commodity exchanges limit the amount by which certain commodity interests may move during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Pursuant to such regulations, no trades may be executed on any given day at prices beyond the daily limits. The price of a futures contract has occasionally moved the daily limit for several consecutive days with little or no trading, thereby effectively preventing a party from liquidating his/her position. While the

occurrence of such events may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because of this inability to liquidate unfavorable positions. In addition, if there is little or no trading in a particular futures contract that the we are trading, whether such illiquidity is caused by any of the above reasons or otherwise, we may be unable to execute trades at favorable prices and/or may be unable or unwilling to liquidate its position prior to its expiration date, thereby requiring the accounts to make or take delivery of the underlying interest.

**Leverage; Interest Rates; Margin.** As discussed above, we utilize leverage on behalf of the accounts, with respect to the more leveraged funds on a moderate basis, primarily for investment purposes to increase investment positions or to make additional investments. Leverage may be employed by means of conventional margin arrangements, or through options, futures, swaps, forwards and other derivative instruments.

While leverage (including the use of derivatives) presents opportunities for increasing an account's total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. The effect of the use of leverage by the accounts in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to an account that would be greater than if leverage were not employed by the account. In addition, to the extent that an account borrows funds, the interest cost at which the account can borrow will affect the operating results of the account. The use of leverage in accounts organized as partnerships may result in certain investors, such as tax-exempt organizations, employee benefit plans and individual retirement accounts, recognizing "unrelated business taxable income" for Federal income tax purposes.

The use of short-term margin borrowings by the accounts may result in certain additional risks to the accounts. For example, should the securities that are pledged to brokers to secure an account's margin accounts decline in value, or should brokers from which the account has borrowed increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), then an account could be subject to a "margin call", pursuant to which the account must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker will typically have the right to liquidate an account's portfolio in certain circumstances. In the event of a precipitous drop in the value of the assets of the account, the account might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices. Similar risks may arise in connection with longer-term borrowings and certain derivative transactions.

**Options.** We may utilize options in furtherance of our investment strategy for both speculative and hedging purposes. Options positions may include long positions, where an account is the holder of put or call options, as well as short positions, where an account is the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing (selling) of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by an account, can reduce or eliminate position profits or create losses as well. An account's ability to close out its position as a purchaser of an exchange listed option is dependent upon the existence of a liquid secondary market on option exchanges. On occasion we may also utilize options, particularly in foreign markets, which may have limited liquidity.

The seller ("writer") of a call option which is covered assumes the risk of a decline in the market price of the underlying security or other instrument below the purchase price of the underlying instrument, less the amount of premium received by the seller, and forgoes the opportunity for gain on the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment (the premium paid) in the call option. If the buyer of a call option sells short the underlying

security or other instrument, a loss on the call option itself may be offset, in whole or in part, by any gain on the short sale of the underlying position.

The seller ("writer") of a put option which is covered assumes the risk of an increase in the market price of the underlying security or other instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received by the seller, and forgoes the opportunity for gain on the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment (the premium paid) in the put option. If the buyer of a put option holds a long position in the underlying security or other instrument, a loss on the put option itself may be offset, in whole or in part, by any gain on the underlying position.

**Derivatives.** The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should an account be required to sell such position may be materially different. Such differences may have a materially adverse effect on an account if it is required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals.

The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses.

The stability and liquidity of forwards, swaps, repurchase agreements, and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to a transaction, an account may have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs, or may not be successful, which could adversely affect the account. It is possible that in the event of a counterparty credit default, an account may not be able to recover all or a portion of its investment in such derivative instrument and may be exposed to additional liability (*i.e.*, the obligations associated with what has become an unhedged position).

**Foreign Investments.** A portion of the accounts' assets may consist of foreign investments, which may include foreign or domestic equity or debt securities denominated in foreign currencies and/or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non U.S. markets is slower, less systematic and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in countries other than the United States.

**Transaction Execution and Costs.** Although we will seek to utilize brokerage firms which will afford superior execution capability to the accounts, there is no assurance that all of the accounts' transactions will be executed with optimal quality. The level of commission charges, as an expense of the accounts, may be expected to be a factor in determining future profitability of the accounts.

**Interest Rate risk.** Accounts may be subject to interest rate risk. Generally, the value of fixed income instruments tend to decrease when interest rate rises. We attempt to minimize the exposure of portfolios to interest rate fluctuation, but there is no guarantee that we will be successful.

**Limitations on Shorting and Hedging Strategies.** We may employ certain hedging techniques, principally short selling, directed primarily toward general market risks. Hedging against a decline in the value of a portfolio position through short selling or other techniques 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 overall portfolio value. Such hedge transactions, however, also limit the opportunity for gain if the value of the portfolio position should increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Insufficient correlation between hedged and hedging positions may not only result in failing to protect the accounts against the risks sought to be hedged but may actually increase the magnitude of overall loss in the event of losses in the hedging positions.

For a variety of reasons, we may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. Moreover, we may not necessarily endeavor to hedge the accounts' portfolios whatsoever. As a general matter, the accounts' portfolio will be exposed to basic issuer risk and other risks attendant to its investment strategy and to particular positions, which risks will not be generally hedged.

**Reliance on the Convoy's Principals.** The firm shall be fully responsible for administering and operating the affairs of the investments, including all trading decisions made for the accounts. The success of Convoy's trading strategy is subject to the judgment and skills of the principals. There can be no assurance that the investment decisions of the principals will be correct. Incorrect decisions or poor judgment may result in substantial losses to accounts.

**Speculative Position Limits.** The regulatory bodies and certain United States exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum net long or net short speculative position any person or group of persons may hold, own or control in particular commodity interests. The CFTC has jurisdiction to establish, or to cause exchanges to establish, position limits with respect to all commodity interests traded on exchanges located in the United States, and any exchange may impose limits on positions on that exchange. Insofar as position limits do exist, all accounts managed, owned or controlled by the firm and its principals may be combined (*i.e.*, aggregated) for position limit purposes.

The firm anticipates that it may receive substantial additional funds to manage in the future. It is possible that, from time to time, our tactics may have to be modified and positions held by accounts may have to be liquidated to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the accounts.

**Failure of the Broker.** A broker is subjected to strict "reserve" and "segregation" requirements imposed by the SEC and the CFTC. If a broker fails to segregate a customer's funds, the customer may be subject to the risk of loss of his/her funds on deposit with the broker in the event of the broker's bankruptcy. In addition, under other circumstances, such as the inability of another customer of the broker or the broker itself to satisfy substantial deficiencies in such other customer's account, a customer may be subject to the risk of loss of his/her funds on deposit with the broker even if such funds are segregated. In the case of any such

bankruptcy or customer loss, the clients might recover, even in respect of property specifically traceable to it (such as United States Treasury Bills), only a pro rata share of all property available for distribution to all of the broker's customers.

**Technology Failure.** Convoy employs a systematic trading approach. A failure of technology, including security, could adversely affect a client's portfolio. The quantitative methodology reflected in the firm's investment strategy is based, to a substantial extent, upon the principals' analysis of many different sources of information and data, both current and historic. As with other quantitative trading systems, such historical analysis may indicate probabilities of price movements or relationships which are not necessary or inevitable or which may not necessarily recur in the future in a manner which will support a profitable trading strategy. Future market conditions may or may not be sufficiently similar to that of prior markets to render such a methodology effective. Stock prices in the future may reflect factors and considerations not present in prior markets. With a quantitative investment approach, individual positions may move against the overall portfolio, due to new information or factors not considered or duly weighted in the original system. Moreover, the firm's methodology also involves some elements of subjective analysis and judgment on the part of the principals and therefore depends upon the principals' own skill and judgment.

**Settlement Agreement with Former Employer.** The firm's ability to achieve its accounts' investment objectives depends in a large part on our ability to develop and protect our proprietary research, models, and trading practices. As a result of a settlement agreement between a former employer of the principals of Convoy (the "Former Employer") and Convoy and certain of its affiliates (including without limitation, the firm's principals), Convoy is obligated, among other things, to report to the Former Employer any new marketing materials and changes to the firm's investment strategy or business plan until December of 2016. During such time, the Former Employer can make reasonable requests for additional information regarding the firm's marketing efforts and use of the Former Employer's confidential information. These disclosure obligations to the Former Employer could lead to opportunities to reverse-engineer strategies, and thereby impair the relative returns of account portfolios. Future disputes with the Former Employer could interfere with Convoy's business operations, including, but not limited to, future law suits.

**Overall Investment Risk.** All securities investments risk the loss of capital. The nature of the securities purchased and traded by the accounts and of the investment techniques and strategies we employ may increase this risk. There can be no assurance that the accounts will not incur losses. Many unforeseeable events, including, but not limited to, actions by various government agencies, such as the Federal Reserve Board, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the accounts.

Any past successes with our investment methodology cannot assure future results. There can be no assurance that the investments or investment techniques we employ for the accounts will achieve the accounts' investment objectives or that the accounts will be profitable.

THE FOREGOING RISK FACTORS ONLY RELATE TO CERTAIN RISK FACTORS IN CONNECTION WITH THE FIRM'S INVESTMENT STRATEGY AND INVESTMENT TECHNIQUES, AND DO NOT PURPORT TO BE ALL OF THE RISKS INVOLVED. POTENTIAL INVESTORS SHOULD READ THIS BROCHURE IN ITS ENTIRETY AND OTHER ACCOMPANYING DOCUMENTS BEFORE DETERMINING WHETHER OR NOT TO INVEST WITH CONVOY.

## Item 9. Disciplinary Information

## Item 10. Other Financial Industry Activities and Affiliations

### Material Financial Industry Affiliations of the Firm

Convoy offers investment advice to both private funds and managed accounts. See Item 4 (*Advisory Business – Types of Advisory Services*). Item 12 (*Brokerage Practices*) discusses Convoy's trade aggregation and allocation policies to minimize potential conflicts between the accounts. Convoy does not act as a broker dealer, and does not select other investment advisers for accounts.

The firm is registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission (the "CFTC") under the Commodity Exchange Act, as amended, and/or the rules thereunder.

### Conflicts of Interest

Convoy serves as the sole investment manager of the fund and separate accounts. The fund and the separate accounts employ a similar investment strategy, which is described in Item 8 of this brochure.

In addition to the fund and our current separate account clients, we may in the future participate in or sponsor other investment vehicles, and possibly have additional advisory accounts or clients. We may also determine to engage in other businesses. The existence of such present and future multiple investment vehicles and accounts, or other businesses, may create the material conflicts of interest described below.

**Time Commitments.** The existence of multiple investment vehicles, accounts and/or clients may create conflicts as to time and resource commitments on the part of our principals. Our principals intend to devote their primary efforts to management of the fund and the separate accounts, which will involve similar trading and monitoring responsibilities. However, should they have additional clients or other business responsibilities, while the principals will devote such time to the business of each fund and separate account as they deem necessary, such commitments may have the effect of reducing the time they devote to the investment activities of the existing fund and separate accounts. We may retain additional personnel as the principals deem necessary.

Robert is also involved in a few real estate businesses that invest in residential properties.

**New Investment Strategies and Related Products.** From time to time, we may determine to develop new investment strategies, with a view toward offering new managed account or investment fund products to investors. Such new investment strategies may be similar in certain or many respects to the investment strategies we employ for existing clients, and may involve the purchase and sale of some or all of the securities and investments which comprise the portfolios of the funds and the separate accounts. Such new investment strategies may be "tested" by means of one or more newly established accounts or investment funds that are initially funded by our own or our personnel's capital. To the extent that the assets of any such new account or investment fund remain solely attributable to us and our personnel, the account or investment fund will be treated as a personal account of our firm and will be required to comply with our personal account trading policy, subject to exceptions as we may determine from time to time. Such accounts or investment funds may be expected at times to engage in purchases and sales of securities contemporaneously with purchases and sales of the same securities by one or more of the funds and separate accounts. In such event, it is anticipated that allocations of securities among such new accounts or investment funds, the funds and the separate accounts will generally be made as described below, but may, due to strategy related or other reasons, vary in our discretion. At all times, we intend to monitor the investment activities and allocations with respect to any new accounts or investment funds, the funds and the separate accounts and intends to operate such new accounts or investment funds in a manner that will not negatively impact the funds and the separate accounts. At any time, we may determine to offer interests in a new investment fund to outside investors; and, at such point in time as investors that are not affiliated

with Convoy have invested capital in a new investment fund and thereafter, such new investment fund will be treated as our client and will generally be subject to the allocations provisions set forth below.

**Allocation Issues.** The existence of multiple accounts that generally all invest in the same securities can create a material conflict of interest with respect to the allocation of investment opportunities amount accounts. We allocate investment opportunities among the accounts by applying such considerations as we deem appropriate, including relative size of such investment vehicles, accounts and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, investment objective and strategy considerations, including, without limitation, concentration parameters and tax considerations and other factors. As a result of such considerations, allocations among the accounts will not necessarily be pro rata. In cases where a limited amount of a security or other instrument is available for purchase, the allocation of such security among the accounts may necessarily reduce the amount thereof available for purchase by the other accounts.

Although the fund and the separate accounts generally invest in the same securities, the net performance of one account may vary materially from that of other accounts as a result of the allocation policies described above, as well as differing expenses, tax considerations, the impact of leverage and other factors.

**Balancing Transactions.** Notwithstanding that the fund and the separate accounts currently all employ a similar or substantially similar investment strategy and will generally invest and trade on a *pari passu* basis, certain differences in the specific investment strategies employed (including, applicable investment parameters, eligibility criteria with respect to various clients or investors, applicable expenses, available capital, the relative use of leverage and other factors) may result in non-*pari passu* treatment of specific accounts with respect to some or all of their investment and trading activities.

From time to time, in our discretion, we adjust (or “rebalance”) the portfolio holdings of one or more of the accounts so as to eliminate or minimize variations among the portfolio holdings of the accounts that employ the same or similar investment strategies or otherwise to maintain what we believe to be a desirable portfolio composition for each of the accounts, subject to the applicable account differences described above.

**Conflicts Regarding Valuations and Other Matters.** We are responsible for a variety of important matters affecting the fund and separate accounts. Among other matters, in certain cases we determine the value of the securities held by the accounts. Such valuation affects both reported account performance as well as the calculation of the management fees payable to use by the accounts. Although the governing documents, offering documents and investment advisory agreements of the accounts prescribe the method of valuing different types of investments, which generally involve current market price information, there may be investments as to which current or reliable market price information is unavailable, in which event we may have discretion in determining the appropriate means of valuation. Furthermore, in the event we are provided with, or otherwise come into possession of, information which leads us to determine that one or more valuations of account assets for a prior period are inaccurate, where we are responsible for valuation we may adjust or amend such prior valuations as we deem appropriate, and adjust or amend any reports or statements of the account (whether or not previously issued) with respect to such prior periods.

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

### **Code of Ethics**

We have established a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act as part of our overall compliance program. The Code of Ethics includes policies and procedures relating to personal securities trading by firm personnel and protection against the misuse of material nonpublic information. The Code of



Ethics is designed to prevent, among other things, any improper conduct whenever any potential conflict of interest may exist with respect to any fund or investment portfolio. In addition, the Code of Ethics requires the firm and/or all supervised persons of the firm to safeguard and prevent dissemination of non-public information, to refrain from engaging in self-interested transactions without prior approval, to develop adequate internal accounting controls and maintain proper books and records, and to refrain from insider trading. The Code of Ethics also outlines the duties of care and loyalty that the firm and its supervised persons are required to follow with respect to clients, including our obligation to exercise a high degree of care, to seek best execution, to safeguard client assets, to act in the best interest of clients and to render impartial advice to clients. A copy of the Code of Ethics is available upon written request to [ir@convoyinvestments.com](mailto:ir@convoyinvestments.com).

## **Interested Transactions**

We may, from time to time, recommend a security in which our firm or one of our related persons, directly or indirectly, has an interest. For instance, it may be expected that separate account assets will be invested in securities of issuers in which one or more other accounts hold positions. In addition, fund assets may be invested in securities of issuers in which one or more other accounts hold positions. Given the likely frequency of such occurrence, clients will not be provided with notification of such occurrences. This may represent a conflict of interest for us, and this conflict, and our procedures for addressing such conflict, are described in detail in Item 10 of this brochure.

As described above, all personal securities transactions by the firm's personnel are subject to pre-approval by CCO before the supervised person may proceed with the transaction, except for transactions in certain categories of securities such as mutual funds, money market funds and U.S. government securities.

We may permit a supervised person to invest in securities or related securities that a fund is also investing in, but subject to the requirement that such a transaction will not disadvantage any client account. In addition, all supervised persons are required to submit personal trading information to the firm for review by the CCO. Our pre-approval procedure and the submission of supervised persons' personal trading information assist us towards our goal of ensuring that no personal trading of any supervised person will disadvantage any client account.

## **Item 12. Brokerage Practices**

### **Selection of Brokers**

We have full authority to select broker dealers to execute the fund's investment transactions. We have appointed a brokerage firm to act as "prime broker" for the fund. A firm appointed as a fund's prime broker has certain administrative responsibilities, including the issuance of account statements and information with respect to securities transactions effected through other broker-dealers. A prime broker may be allocated a portion of the fund's securities transactions, subject to principles of best execution. We may, in our discretion, change our selections of prime brokers for any fund.

With respect to the separate accounts, we will generally have the authority to select brokers, subject to principles of best execution. Separate account clients, pursuant to their investment advisory agreement, may impose restrictions on our broker selection ability.

We allocate a portion of each account's brokerage business on the basis of certain considerations, which may include:

- price competitiveness;

- quality of execution;
- reputation, experience and financial stability of the broker/dealer involved and its quality of service, familiarity with the securities markets and investment techniques employed with respect to an account;
- clearing and settlement capabilities; and
- availability and cost of margin or other leverage.

We do not require other services, such as research or trade ideas. See Item 12 (*Brokerage Practices – Soft Dollars*) below.

### **Soft Dollars**

Convoy does not participate in soft dollar arrangements. We may accept invitations to attend educational events or receive research services, but those would not be part of our formal arrangements or our consideration for selecting a broker-dealer.

### **Aggregation of Orders**

When we deem the purchase or sale of securities to be in the best interest of than one account we may aggregate the securities to be purchased or sold by all such accounts in order to obtain superior execution or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the accounts by applying such considerations as we deem appropriate, including:

- Relative account size of such entities and clients,
- Amount of available capital,
- Size of existing positions in the same or similar securities,
- Impact of leverage,
- Investment objective and
- Strategy considerations, including, without limitation,
  - Concentration parameters,
  - Tax considerations and
  - Other factors.

Although the firm has a duty to treat all client accounts equitably and fairly over time, there is no requirement that we use the same investment practices across accounts, nor that all accounts will be managed in the same manner at all times. Different investment guidelines, leverage, subscription/redemption occurrences may lead to use of different investment practices and execution

within a similar investment strategy. Further, some accounts may purchase long positions in certain instruments that others simultaneously sell. Consequently, the performances may differ for accounts that employ a similar investment strategy. The firm periodically examines performance differences among accounts of similar investment strategies to ensure any material differences in performance are understood and do not violate the firm's fiduciary duty. Nevertheless, the firm has an affirmative duty to treat all such clients fairly and equitably over time.

### **Item 13. Review of Accounts**

Our Chief Executive Officers review the accounts' portfolio on a continuous basis.

**Funds.** We use a Public Company Accounting Oversight Board-registered independent public accounting firm to conduct the fund's annual audit, and provide its audited financial statements to our fund investors. In addition, we will provide unaudited monthly performance data on the fund to its investors.

**Other Accounts.** For separately managed accounts, we do not have custody since we do not have authority to obtain account assets. Brokerage statements are sent directly to the client by the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless receipts of confirmations have been waived by the client. We will not issue separate reports with respect to such clients.

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

Not applicable.

### **Item 15. Custody**

Convoy has custody of fund assets since it serves as the fund's general partner. However, we do not have actual physical custody of any client assets invested in the fund; rather, such assets are held in the name of the fund by an independent custodian (currently our broker).

**Funds.** We use a Public Company Accounting Oversight Board registered independent public accounting firm to conduct annual audit, and provide the fund's audited financial statements to our fund investors. In addition, we will provide unaudited monthly performance data on the fund to investors in the fund.

**Other Accounts.** For separately managed accounts, we do not have custody since we do not have the authority to obtain the assets. Brokerage statements are sent directly to the client by the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless receipts of confirmations have been waived by the client. We will not issue separate reports with respect to such clients.

### **Item 16. Investment Discretion**

We are generally given authority to invest and trade account assets provided we comply with the specific agreements we have with investors. Unless otherwise instructed by a client, we have the authority to determine what financial instruments to be purchased or sold, and in what amount.

As a general matter, investors do not have any ability to restrict the investment of their account.

## **Item 17. Voting Client Securities**

Fund investors will not have the authority to vote proxies. Each separate account client may either elect to retain proxy voting authority or delegate proxy voting authority for his or her account to the firm. This must be communicated to the firm in writing at the time we establish our relationship. Each separate account client may at any time however, change his or her decision by notifying us in writing.

We will review each proxy in a manner that is consistent with the firm's proxy voting policies and procedures and our fiduciary duty to clients. Currently, we deem the cost of voting would exceed any anticipated benefit to the clients due to the large number of stocks we hold and in small quantity in each. As a general matter, we will abstain from voting proxies unless such course would be contrary to our fiduciary duty.

A copy of the our proxy voting guidelines is available upon request. We will also provide, upon request, information regarding how we have voted on a specific proxy item. All requests must be submitted in writing to: [ir@convoyinvestments.com](mailto:ir@convoyinvestments.com).

## **Item 18. Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees from our accounts, six months or more in advance, and therefore are not required to include a balance sheet for our most recent fiscal year.