



Form ADV Part 2A: Firm Brochure

March 26, 2020

Larch Lane Partners LLC

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New York, NY 10022

This brochure provides information about the qualifications and business practices of Larch Lane Partners LLC (“Larch Lane”). If you have any questions about the contents of this brochure, please contact us at 212-931-0933 or mcovo@larchlane.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Larch Lane is an investment adviser that is registered with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply a certain level of skill or training.

Additional information about Larch Lane also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This is Larch Lane's Annual Updating Amendment to Form ADV for the fiscal year ending December 31, 2019. Larch Lane notes the following material changes:

- The Firm now provides sub-advisory services to an investment company registered under the Investment Company Act of 1940.

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Item 4: Advisory Business

Larch Lane Partners LLC (“**Larch Lane**”) was founded in 2019 and is located in New York. Larch Lane’s owners are Mario Covo, Raul Guimaraes, Mark Jurish, and Diego Orlanski.

We provide non-discretionary sub-advisory services to registered investment advisers of private investment funds (the “**Private Fund Client**”) and non-discretionary advisory services to a registered investment company (“**Registered Fund Client**”) (together collectively referred to as the “**Advisory Clients**” and the private investment funds and the registered investment company individually a “**Fund**” and collectively the “**Funds**”).

We serve as sub-advisers and provide advice on hedge fund investments through a “fund of funds” strategy for our Private Fund Clients. We provide research and recommendations to our clients for the acquisition and disposition of investments in third-party hedge funds, continuously monitor the performance of those investments and, upon a client’s approval, make the necessary arrangements for the client to execute recommended transactions. Our recommendations may include allocating capital to both established and emerging hedge funds.

We provide advice on alternative risk premia strategies for our Registered Fund Client. We provide research and recommendations to our clients for the retention and dismissal of investment subadvisors. We also provide recommendations with regards to allocations to various risk premia strategies.

We tailor our advisory services to the individual strategy, investment objectives and/or needs of our Advisory Clients. Our investment team recommends portfolio investments according to the investment strategy, investment objective and portfolio guidelines as set forth in each sub-advisory agreement between Larch Lane and each Advisory Client and the offering documents of the Funds advised by our Advisory Clients. Our Advisory Clients may impose restrictions around investing in certain securities, sectors or strategies and may set certain risk parameters; such restrictions vary from Advisory Client to Advisory Client.

We do not have discretionary assets under management. The amount of Advisory Client assets that we manage on a non-discretionary basis, as of December 31, 2019, is approximately \$106,925,802.

Item 5: Fees and Compensation

We receive asset-based fees from the Advisory Clients we advise. A description of these methods of compensation and discussion as to the negotiability of these fees is set forth below.

Asset-Based Fees

Larch Lane generally charges each Advisory Client an asset-based sub-advisory fee representing a percentage of the management fees, net of certain expenses incurred by the Advisory Client, that are paid to the Advisory Client by investors of each fund, which rates are set forth in the offering documents of each fund. Payment of the sub-advisory fees are generally paid by the Advisory Client to Larch Lane not later than forty-five (45) days following the Advisory Client’s receipt of

the management fees. Typically, Larch Lane receives between 30% to 60% of the management fees paid by the funds to the Advisory Client.

Performance Fees

Larch Lane currently does not charge performance fees to its Advisory Clients.

Negotiability of Fees

Fee arrangements with each Advisory Client are individually negotiated. We have the general discretion to waive all or a portion of the asset-based fee.

Item 6: Performance-Based Fees and Side-By-Side Management

As stated above, Larch Lane does not charge performance fees to its Advisory Clients. Larch Lane does not manage both accounts that are charged performance-based fees and accounts that are charged only asset-based fees (i.e., fees based simply on the amount of assets under management in an account). Accordingly, Larch Lane does not consider its fee structure to present any conflicts of interest in this respect.

Larch Lane sub-advises Advisory Clients that pay different levels of management fees. Because the asset-based fees for certain types of accounts are higher than others, the side-by-side management of these accounts may create conflicts of interest, which Larch Lane addresses through internally-instituted controls including its allocations policies. Larch Lane employees also own an interest in the funds advised by the Private Fund Clients they sub-advise, which may lead them to make their best recommendations to such funds. Larch Lane has an obligation to treat all Advisory Clients fairly and equitably over time and make its recommendations in a manner that fulfills such duty.

Item 7: Types of Clients

As previously described in Item 4, Larch Lane's clients consist of registered investment advisers that manage private investment funds and sub-advisory service to a registered investment company. Larch Lane does not have any minimum requirements with respect to opening or maintaining an Advisory Client account.

Item 8: Method of Analysis, Investment Strategies and Risk of Loss

General Client Fund Investment Methods and Strategies

Our investment approach represents a combination of professional judgment and analytical rigor. This involves: 1) formulating strategy allocation targets based on a range of qualitative and quantitative factors; 2) determining the investment appeal of each hedge fund or subadvisor, as the case may be; 3) preparing a set of pro forma allocations reflecting strategy and manager attractiveness, availability, and applicability to the client portfolio; and 4) understanding the

limitations of the statistical tools and, therefore, anchoring these tools with appropriate assumptions.

Our construction process begins by setting investment objectives, including return, risk, time frame, liquidity, and any unique client-driven considerations. We then utilize a combination of bottom-up and top-down approaches. We draw upon our historic experience to begin the portfolio construction process, utilizing a mix of qualitative information on strategies as well as quantitative modeling of past results. Our qualitative evaluation process is combined with fundamental and quantitative assessments of hedge fund strategies and markets. This includes the analysis of capital flows into and out of hedge fund or risk premia strategies, as well as other supply and demand factors such as new securities issuance and market implied volatilities.

We employ a dynamic top-down approach to strategy allocation, which is guided by a belief in “mean reversion”: when a strategy has produced above average returns for a significant period of time, we generally expect that strategy to perform below its historical average for a subsequent period of time. This phenomenon results from investors “chasing” past returns. If a strategy performs well, capital tends to rush in, making it more difficult to achieve solid future returns, as inefficiencies are eliminated by the increased competition in that strategy.

The vast majority of our time is spent on bottom-up research, meeting with managers and conducting due diligence.

Risk management influences strategy allocation, manager selection, and portfolio construction, and is an inherent part of our culture. We employ a fundamental and quantitative approach to determining investment weightings and risk exposures within the portfolio.

Portfolio diversification by manager and strategy is also important. We tend to overweight strategies that we expect to outperform over one- to two-year cycles, with the expectation that some strategies will serve as important diversifiers to limit risk. Ideally, this will create returns with low volatility and low correlation to traditional investments.

We advise our Advisory Clients to include managers or strategies in a portfolio based upon a combination of their merits as well as how their return stream is expected to correlate with the other investments in the portfolio. Each strategy is assigned an expected weight in the portfolio, based on both quantitative and qualitative factors. These weights are reviewed at least semi-annually. Typically, rebalancing will occur when an actual position size strays from these weights.

Risk Factors

Larch Lane is responsible for providing investment research and recommendations for the acquisition and disposition of investments to our Advisory Clients, who have sole investment discretion with respect to the acquisition and disposition of investments in the Funds advised by such Advisory Client. Advisory Clients may accept or reject a recommendation given by Larch Lane at their discretion. The performance of each fund depends upon the Advisory Client’s ability to allocate fund assets and the ability of the selected portfolio managers to develop and implement successful investment strategies.

Investing in securities involves risk of loss that the Advisory Client should be prepared to bear.

The following sets forth some of the potential risk factors with respect to our investment recommendations:

Potential Risks Associated with our “Fund of Funds” Strategies

- *General.* We recommend Advisory Clients to invest their assets in investment funds managed by third party portfolio managers in the case of our Private Fund Clients, or to select third party portfolio managers as subadvisors in the case of our Register Fund Clients. However, the success of each fund depends upon the Advisory Client’s ability to allocate fund assets and the ability of the portfolio managers to develop and implement successful investment strategies. Subjective decisions made by us, the Advisory Client and/or the portfolio managers may cause a fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized.
- *Use of Multiple Managers is No Assurance of Success.* No assurance is given that the underlying portfolio managers’ collective performance will result in profitable returns for a Fund as a whole under all or any conditions. The possibility exists that good performance achieved by one or more portfolio managers may be neutralized or exceeded by poor performance experienced by other portfolio managers.
- *Dependence on the Investment Manager.* The success of any collective investment is largely dependent upon the investment manager, including the managers of the underlying portfolio funds or those selected as subadvisors. There is no guarantee that an investment manager or the individuals employed by the investment manager will remain willing or able to provide advice or that trading on this advice by the investment manager will be profitable in the future. The performance of an investment manager depends upon certain key personnel. If any of those personnel becomes incapacitated, the performance of the Funds may be adversely affected. Although the success of a portfolio manager is not dependent upon any one key person, there is no assurance that any of the key personnel will continue to be employed by the investment manager.
- *Dependence on Underlying Portfolio Funds or of Portfolio Managers; Trading Strategies may not be Successful.* Although we carefully screen and may rely on investment guidelines provided by the underlying portfolio fund investments, we do not have control over the investment decisions of the portfolio managers of the underlying portfolio funds or the portfolio managers retained as subadvisors and cannot guarantee that these guidelines will be followed at all times. In addition, underlying portfolio funds or subadvisors may take undesirable tax positions, employ excessive leverage, or otherwise manage the underlying portfolio funds or assets allocated to them in a manner not anticipated by us. The investment activities of underlying portfolio managers are likely to depend upon the experience and expertise of their principals. The loss of the services of any of these individuals could have a material adverse effect on a Fund that invests with that portfolio manager.

There can be no assurance that the trading strategies employed by an underlying portfolio manager will be successful. For example, the proprietary models used by an underlying portfolio manager may not function as anticipated. While each portfolio manager who will

direct the investment activities of an underlying portfolio is expected to have a performance record or reputation reflecting his or her prior experience in using the strategies that will be applied to trading, which will be examined by us, this prior performance cannot be used to predict future performance.

- *Offsetting Investments.* Underlying portfolio funds or subadvisors may, at times, hold economically offsetting positions. To the extent that the underlying portfolio funds or accounts of subadvisors do, in fact, hold offsetting positions, a Fund, considered as a whole, may not achieve any gain or loss despite incurring expenses.
- *Lack of Operating History and Operations Experience.* An underlying portfolio fund or manager may, in certain instances, be an entity that lacks any prior operating history of its own, or that has a limited operating history, for us to evaluate prior to recommending an investment. The Private Fund Clients' or the Registered Fund Clients' investment programs should be evaluated on the basis that there can be no assurance that our assessment of the short-term or long-term prospects of any underlying portfolio fund or subadvisor will prove accurate or that a Fund will achieve profitable results. Furthermore, the Funds' success will depend, to a large extent, on the ability of the underlying portfolio managers to operate start-up business enterprises. Underlying portfolio managers may lack prior experience in start-up operations.
- *Risk Management Strategy and Restrictions.* Prior to recommending investing an Advisory Client's assets in any underlying portfolio fund or retaining a subadvisor, we may evaluate the risk associated with the underlying allocation by examining some or all of the following factors: the portfolio manager's perspective on risk tolerances, the volatility of the portfolio manager's strategy and the portfolio manager's monitoring system. We may, but are not required to, analyze the risks inherent in the underlying funds' portfolios and, on an aggregate basis for a Private Fund Client, attempt to mitigate the severity of any loss or risk of loss of the client fund's capital by recommending an overlaying hedge. Measurement and monitoring are dependent on access to accurate data regarding the portfolios held by the underlying portfolio funds and risk management systems of the portfolio managers of underlying portfolio funds. There is no assurance that the portfolio managers will give access to this data. There can be no assurance that our risk management process and, if utilized, any overlaying hedge trades will be effective in mitigating the risks inherent in investments in an underlying portfolio fund and may even incur incremental losses.
- *Possible Effect of Substantial Withdrawals.* Withdrawals from capital accounts of an underlying portfolio fund could require the underlying portfolio fund to liquidate its positions more rapidly than otherwise desirable which could adversely affect the value of the underlying portfolio fund's assets. Illiquidity in certain financial instruments could make it difficult for an underlying portfolio fund or subadvisor to liquidate positions on favorable terms, which could result in losses for the Funds.
- *Investment Judgment and Market Risks.* The success of Larch Lane's portfolio recommendations depends to a great extent upon the ability of portfolio managers of underlying portfolio funds or subadvisors to correctly assess the future course of price

movements of stocks, bonds and other financial instruments and markets. We cannot guarantee that we or underlying portfolio managers will accurately predict price movements and that our investment recommendations will be successful. Financial instruments of the kind proposed to be invested in by portfolio managers and the issuers of financial instruments are affected by, among other things: changing supply and demand, governmental laws, regulations and enforcement activities, trade, fiscal and monetary programs and policies, and national and international political and economic developments. The effect of those factors on the prices of financial instruments in general, or a particular financial instrument, is difficult to predict.

- *Financial Markets and Regulatory Change.* During periods of instability in the global financial markets, the risks associated with the investment activities and operations of hedge funds or subadvisors, including those risks resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work, become intensified. Market disruptions tend to lead to increased scrutiny and regulation over the hedge fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to the underlying portfolio funds, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.

Item 9: Disciplinary Information

Larch Lane does not have any legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

Neither Larch Lane nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Larch Lane is exempt from registration as a Commodity Trading Advisor.

Larch Lane recommends third-party investment advisers to its Registered Fund Client. One of the third-party investment advisers Larch Lane supervises for its Registered Fund Client is an affiliate of the largest investor in that Registered Fund Client. In addition, Larch Lane has recommended the inclusion of a strategy that is also managed by this third-party investment adviser to our Private Fund Client for inclusion in their private funds, and Larch Lane may recommend this third-party adviser to other Advisory Clients. Larch Lane disclosed these conflicts of interest to the relevant Advisory Clients, which have provided informed consent.

Affiliations with Other Investment Advisers

There is no affiliation with other investment advisers. Larch Lane's principals and employees invest in certain Private Fund Clients they sub-advise for Advisory Clients.

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

Code of Ethics and Personal Trading

We have adopted a code of ethics pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940, as amended, and Rule 17j-1 under the Investment Company Act of 1940, as amended (“our code”). Our code sets forth the standards of conduct we expect from our principals and employees (collectively, “our covered persons”) and addresses conflicts that may arise from personal trading by them. Our code is designed to:

- protect our clients by deterring misconduct;
- educate our covered persons about our expectations and the laws governing their conduct;
- remind our covered persons that they are in a position of trust and must act with complete propriety at all times;
- protect our reputation;
- guard against violation of the securities laws; and
- establish procedures for our covered persons to follow so that we may determine whether they are complying with our code.

With respect to personal trading, our code requires our covered persons to obtain prior approval of personal securities transactions in accordance with applicable SEC rules and securities laws. Under our code we also collect initial, annual and quarterly holdings and transaction reports from our covered persons in accordance with applicable SEC rules. In addition, our code includes our policies and procedures on insider trading. Our code requires an annual acknowledgement by our covered persons that they have received, read and understand it.

We will provide a copy of our code to our Advisory Clients upon request.

Participation or Interest in Our Client Fund Transactions and Personal Trading

Larch Lane and its related persons may invest their personal funds in funds advised by Private Fund Clients or in the underlying funds, in their own personal securities accounts, and in accounts held by persons and entities related to them. As a result, these persons may hold, directly or indirectly, the same securities as the Private Fund Clients. These investments are made under the same liquidity terms as other investors, but with a discounted fee. These investments create a conflict of interest for Larch Lane because they can incentivize us to recommend more favorable investment opportunities to these Funds. Larch Lane has established procedures intended to identify conflicts of interest in cases in which Larch Lane, a related person or an employee buys or sells securities recommended by Larch Lane to its clients. Potential conflicts are addressed directly, and their resolution is documented. In an effort to minimize conflicts, the Chief Compliance Officer is required to pre-clear all transactions involving limited offerings (such as initial public offerings and private placements), as well as all transactions to be effected by a firm principal in a Private Fund Client. The Chief Compliance Officer may deny permission to execute the transaction if the transaction would appear to have an adverse economic impact on a Private Fund Client.

The existence of personal investments alongside client investments could produce conflicts from an allocation standpoint. Larch Lane's investment opportunities allocation policies and procedures adequately address such conflicts.

Item 12: Brokerage Practices

We do not select or recommend broker-dealers, nor do we execute transactions for our Advisory Clients through broker-dealers.

Item 13: Review of Accounts

We, through our research meetings and Investment Committee meetings, meet at least bi-monthly to review existing investment recommendations and to propose new investment recommendations for our Advisory Clients' investment portfolios. Changes to an Advisory Client's portfolio are formally proposed to and approved by the Investment Committee at these bi-monthly Investment Committee meetings. Each individual investment recommendation is generally reviewed by the investment team at least quarterly and by the Larch Lane employee or principal in charge of Operational Due Diligence at least annually. Noteworthy events such as significant changes in assets, major market movements or macroeconomic events, legal or regulatory developments, a change in business structure, personnel changes and revised investment terms can trigger a review of a particular portfolio company. The reviews of individual investment recommendations consist of monitoring for performance, adherence to investment strategy, changes in personnel, current positioning and outlook and risk management.

The reviewers that participate in the research meetings and Investment Committee meetings are the members of the Investment Committee, which include CIO, COO and the Director of Risk Management.

Item 14: Client Referrals and Other Compensation

Larch Lane does not receive any monetary compensation or any other economic benefit from an entity or person who is not a client for Larch Lane's provision of investment advisory services to an Advisory Client. Larch Lane does not directly or indirectly compensate any person who is not a supervised person for client referrals, including third-party marketers or solicitors.

Item 15: Custody

We only provide non-discretionary advice to Advisory Clients and do not have custody of client assets.

Item 16: Investment Discretion

We do not have investment discretion. Larch Lane provides investment management and supervisory services on a non-discretionary basis to its Advisory Clients.

Item 17: Voting Client Securities

We do not vote proxies for our Advisory Clients.

Item 18: Financial Information

Larch Lane is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients. Larch Lane has not been the subject of a bankruptcy petition at any time since inception.

PRIVACY NOTICE

This explains the manner in which Larch Lane Partners LLC may collect, use and maintain nonpublic personal information about you and the precautions that we take to maintain and secure such information.

What kind of personal information do we have about you and where did we get it? We collect nonpublic personal information about you from the following sources:

- questionnaires and other information provided by you in writing, in person, by telephone, electronically or by any other means; and

When do we disclose your personal information? We may disclose nonpublic personal information about you as permitted or required by law and in the following circumstances:

- In connection with a proposed or actual sale, merger or transfer of all or a portion of our business;
- To protect or defend against fraud, unauthorized transactions (such as money laundering), law suits, claims or other liabilities;
- To service providers in connection with the administration and operations of the fund, which may include attorneys, accountants, auditors, administrators, third party marketers or other professionals;
- To process or complete transactions requested by you; and
- Upon your consent to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on your behalf.

How do we protect your personal information? We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information. In addition, within our organization, we restrict access to nonpublic personal information about you to those employees and agents of Larch Lane Partners LLC who need to know that information in the course of their job responsibilities.

What about former clients and investors? This Privacy Notice applies to former clients and investors.

Additional Information. In the event that we plan to disclose nonpublic personal information about you to a nonaffiliated third party, prior to any such disclosure we will give you notice and an opportunity to “opt-out” of the disclosure. We reserve the right to change this Privacy Notice at any time. The examples contained within this notice are illustrations and are not intended to be exclusive. This notice complies with recently enacted federal law regarding privacy. You may have additional rights under other applicable foreign or domestic laws.