

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Fox Run Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 203-629-1729 or pklein@foxrunlp.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.

Fox Run Management, LLC is registered as an investment adviser. Registration with the Securities and Exchange Commission as an investment adviser does not imply a certain level of skill or training.

Additional information about Fox Run Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

March 20, 2020

Item 2 - Material Changes

We are required to tell you about any material changes in this updated Brochure since the last Brochure was prepared and filed with the SEC on March 19, 2019.

There are no material changes in this latest Brochure.

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Item 3 - Table of Contents

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.....	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	7
Item 7 - Types of Clients	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 - Disciplinary Information.....	11
Item 10 - Other Financial Industry Activities and Affiliations.....	12
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12 - Brokerage Practices.....	14
Item 13 - Review of Accounts.....	15
Item 14 - Client Referrals and Other Compensation.....	16
Item 15 - Custody	17
Item 16 - Investment Discretion	18
Item 17 - Voting Client Securities	19
Item 18 - Financial Information	20

Item 4 - Advisory Business

Fox Run Management, LLC (“FRM” or the “Investment Adviser”) is a Delaware limited liability company organized in 1997. FRM manages the investments of Fox Run Alpha Fund, LP (the “Alpha Fund”), a hedge fund which is under common control with it, as well as the investments in a segregated portfolio for another private fund (the “Private Fund”). This segregated portfolio is managed pursuant to a subadvisory relationship with the primary adviser for the Private Fund which is not affiliated or under common control with FRM. Although the segregated portfolio of the Private Fund has other portfolios managed by third party unaffiliated subadvisors, FRM manages only the assets in the designated segregated portfolio of the Private Fund. FRM does not manage, or have access to, any information, concerning other portfolio assets of the Private Fund.

Peter Klein, FRM’s Managing Member, Chief Executive Officer, Chief Compliance Officer and sole equity owner, is also the Managing Member and sole equity owner of Fox Run GP Services, LLC, the “General Partner” of the Alpha Fund.

FRM has been the investment adviser for the Alpha Fund since the Alpha Fund’s inception in 1997. The Alpha Fund is a quantitative hedge fund engaging in various algorithmic trading strategies, some of which are referred to as Statistical Arbitrage. The designated segregated portfolio of the Private Fund is managed on a *pari passu* basis with that of the Alpha Fund.

As noted above, FRM manages a designated segregated portfolio of the Private Fund. This is done on a *pari passu* basis with that of the Alpha Fund.

FRM has managed the designated segregated portfolio of the Private Fund since June 2011 as a direct adviser for the Private Fund. However, beginning in January 2016, FRM’s relationship with the Private Fund was restructured as a subadvisory arrangement whereby a newly-organized primary adviser (the “Primary Adviser”) to the Private Fund (through its discretionary authority over the Private Fund), appointed FRM to serve as a subadvisor for the Private Fund. Other than the modification of the relationship between FRM and the Private Fund (i.e., direct adviser/client to subadvisor/client) FRM’s management of the assets of the Private Fund is unchanged. However, as part of the restructuring of the Private Fund’s investment management as well as the restructuring of the investment management of the other segregated portfolios of the investment fund to which the Private Fund is one series, (the “Investment Fund”), the Private Fund’s affiliate organized a new private investment fund (the “New Fund”) managed by the Private Fund’s Primary Adviser in which portfolio managers (including their affiliates) of segregated portfolios of the Investment Fund may invest as passive non-controlling equity members. The New Fund’s investments include, among other things, interests in the Private Fund and the other segregated portfolios of the Investment Fund. Peter Klein, the controlling principal of both FRM and the General Partner of the Alpha Fund, has invested in the New Fund and is therefore now also a passive, non-controlling equity owner of the New Fund and an indirect non-controlling equity owner of the Private Fund. Peter Klein’s investment in the New Fund is, however, of a de minimis nature, constituting approximately 1% of the New Fund’s aggregate membership interests.

Accordingly, Mr. Klein now has an additional financial incentive with regard to the performance of the Private Fund since, in addition to his subadvisory relationship, he is a de minimis owner of an entity (the New Fund) which itself invests in the Private Fund.

FRM places trades on behalf of both the Alpha Fund and the segregated portfolio of the Private Fund in a single omnibus account and then allocates the resulting trades, both long and short on a *pari passu* basis between the Alpha Fund and the segregated portfolio of the Private Fund. Since the accounts of the Alpha Fund and the segregated portfolio of the Private Fund are separate proceeds from the sale of securities as well as dividends or distributions paid by issuers would flow through to the respective accounts based on their respective holdings. Deductions of any commissions, fees, interest and other expenses paid to the broker-dealers executing such orders as well as the fees of the prime broker serving as custodian of the omnibus account, are made separately from each client account following allocations from the omnibus account and are based upon charges separately negotiated and agreed to by the prime broker and each of the Alpha Fund and the Private Fund.

The Alpha Fund, the segregated portfolio of the Private Fund and any other clients whose accounts may be managed by FRM in the future are hereinafter sometimes referred to collectively as the “clients.” The strategies employed in managing both fund accounts typically try to profit from either mean reverting features of stock prices or momentum-like properties of stock prices. For instance, individual stock returns tend to revert to the mean or average in the short-term, so that a few days of strong relative performance is often followed by days of relative weakness. Also, stocks that have recently experienced positively-revised earning expectations tend to continue to receive positive revisions; this is often reflected in continued relative outperformance. The trading strategies employed by FRM for its clients attempt to take advantage of these and other relatively short-term anomalies. The Investment Adviser has broad discretion to vary and redesign the strategies being used for trading at any time based upon the Investment Adviser’s view as to which strategies have the greatest potential to generate favorable returns. Investments made through the various investment strategies may include common and preferred stocks, options, convertible debt, closed-end funds, warrants, bonds and other financial instruments if the Investment Adviser believes such investments would be advantageous. FRM also uses leverage (margin) and short selling techniques.

Since inception, Peter Klein has been the sole principal of FRM. He and his management team direct the investments made for clients.

FRM does not participate in wrap fee programs.

FRM invests all assets it manages on a fully-discretionary basis. As of December 31, 2019, FRM had approximately \$191,078,458 in regulatory assets under management.

Item 5 - Fees and Compensation

FRM derives compensation from its clients in the form of a management fee, payable in advance based upon the value of the account as of the close of the prior period. Currently, the fee equals 1.5% of the value of the account per year, or 0.375% quarterly. Based upon the arrangement made with each client, this fee may be deducted from the client's account or may be invoiced and paid directly to FRM by the client.

In addition to the asset-based management fee, FRM or the General Partner receives a fee based upon the performance of the client's account. Such fees are described in Item 6 *Performance-Based Fees and Side-By-Side Management* below.

Fees may be subject to negotiation with each client.

In addition to the management fee, private fund clients may be charged reasonable travel, legal, accounting, audit and tax return preparation fees and expenses relating to its operations, as well as the costs associated with investigating potential investments or ways to maximize return on existing investments. All custodial fees, interest on borrowed funds, transfer taxes, brokerage commissions, finder's fees, and fees and expenses for consulting, research and statistical services (including but not limited to technology, software and data feeds), are also paid in varying degrees by clients. The actual charges allocated to clients may differ based on negotiated fee structures and their relative percentages of total assets under management. Clearing charges, liquidity charges and charges for data-feeds, that drive the models that are used for trading are usually the largest portion of these charges.

In the event of the termination of the investment management agreement or subadvisory agreement that the Investment Adviser has entered into with a client as of any day other than the end of a calendar quarter or other billing period, a pro-rated portion of the management fee which was paid in advance for that calendar quarter or other billing period will be refunded by the Investment Adviser.

Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As noted above, FRM receives fees based on performance of client's accounts. In addition, although FRM does not itself receive any fee based on performance from the Alpha Fund, the General Partner of the Alpha Fund, Fox Run GP Services, LLC, which is an affiliate of FRM, receives a performance-based incentive allocation equal to 20% of the Alpha Fund's profits in any year. However, since the incentive allocation paid by the Alpha Fund to the General Partner, and the incentive fee paid to FRM, are both paid on what is commonly called a "high water mark" basis, no performance-based compensation is paid on any profits until the profits generated exceed any prior losses incurred by the client.

If, in the future, the Investment Adviser manages any other accounts, it is anticipated that the fees applicable to such accounts would be structured in substantially the same manner, although the specific percentages of either the management fee or the annual incentive fee may be separately negotiated with each client.

The receipt of this performance-based compensation by the Investment Adviser and its affiliate may create an incentive for FRM to recommend investments that carry a higher degree of risk to its clients.

In addition, the General Partner has the right to reallocate any portion of its incentive allocation to a limited partner in the Alpha Fund. Any such reallocation would be substantially the same as a reduction or discount in the incentive allocation charged to that limited partner.

Item 7 - Types of Clients

FRM currently only provides investment advice to two private funds, namely the Alpha Fund and the segregated portfolio of the Private Fund, both of which are hedge funds.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

FRM uses extensive quantitative and statistical research to design, test and implement a variety of computer driven investment strategies. The Investment Adviser attempts to select strategies designed to deliver consistent returns in different market environments with little or no correlation with the performance of the stock market as a whole. Use of these strategies, like any investment, involves the risk of loss that investors must be prepared to bear. Specifically, the fact that a particular strategy has been profitable in the past does not guarantee that it will continue to be profitable in the future, or that it will not result in losses, and many once profitable strategies go through extended unprofitable periods. FRM devotes much effort to managing the relative weights of active strategies in an attempt to enhance profitability and control risk.

FRM attempts to design strategies with a view to mitigating the risks associated with owning individual securities, and to limiting exposures to particular sectors or industry groups as well as exposure to the broad market. Furthermore, the various strategies typically have balanced dollar and volatility exposures on the long and the short side, as well as similar long and short dollar amounts invested in specific sectors. In addition, the Investment Adviser seeks to trade securities that have a high degree of liquidity. As is always the case with short sales, there is a theoretically unlimited potential for loss since there is no limit on how high the shorted security could rise in price. The Investment Adviser attempts to mitigate this risk through diversification.

The Investment Adviser also uses leverage in its investment strategies, sometimes significantly. The use of borrowed funds in this manner can amplify losses as well as gains.

The Investment Adviser also attempts to mitigate risks associated with general risk factors besides market risk, e.g., size and momentum. These exposures are managed when necessary by making appropriate adjustments in the particular investment strategies being employed at the time.

There is no guarantee that any of these risk mitigation techniques will work in the future.

The investment strategies FRM uses are researched and designed primarily through back-testing and simulations. This is a process that involves the application of a strategy against actual historical market data to see how it would have performed if it had been used during various periods and under various market conditions. While this method of testing a particular strategy can be helpful in determining how the strategy may operate in the future, no amount of back-testing can assure success. The securities markets are always changing, so a strategy that would have been profitable in the past under the specific market conditions that then existed may not operate in the same way or be profitable under current or future market conditions. Transaction costs can also negatively affect the profitability of a trading strategy. FRM carefully analyzes these costs in the research and implementation process.

Additional risks may arise through programming or operational errors. Actual results are carefully compared to simulated results in an attempt to quickly discover such errors.

The strategies recommended by the Investment Adviser involve frequent trading, high turnover and short holding periods. While this can be helpful in controlling risk, there are drawbacks to that approach as well. Transaction costs from frequent trading can significantly limit profits. Therefore, the successful use of these strategies will depend partially on the Investment Adviser's ability to negotiate low execution and clearing costs with the broker-dealer used to execute transactions, and there is no guarantee that the Investment Adviser will always be successful in keeping these costs low. Another consequence of high

turnover is a short holding period. As a result, there is no expectation that a client will be able to get long-term capital gains treatment for any profits, and all profits will be taxed at higher ordinary income rates. In these, as with any other tax-matters, investors should consult with their tax advisers.

Item 9 - Disciplinary Information

In this Section of this Brochure, we would disclose any material legal or disciplinary matters that would have a bearing on a prospective client's evaluation of our business or the integrity of our management. Neither FRM nor any of its associated persons has been the subject of any material disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As noted earlier in Item 4 – *Advisory Business*, the General Partner of the Alpha Fund is affiliated with FRM since Peter Klein is the sole principal of each company. Peter Klein is also majority limited partner of the Alpha Fund. Additionally, FRM is a small limited partner of the Alpha Fund owning less than a 1% interest in the Alpha Fund.

Additionally, as previously noted in Item 4 – *Advisory Business*, Mr. Klein, the sole principal of FRM, is also an investor in the New Fund which, in turn, has invested in the Private Fund. Mr. Klein may therefore also

derive economic benefits from the Private Fund's investments through his equity interest in the New Fund. However, Mr. Klein's interest in the New Fund is of a minority, non-controlling nature constituting approximately one (1%) percent of the New Fund's membership interests. Moreover, Mr. Klein is a passive investor and does not control or otherwise direct the nature or size of investments made by the New Fund.

FRM does not recommend or select other investment advisers for its Clients.

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

FRM has adopted a Code of Ethics which sets forth the standards of conduct expected of its associated persons, and which addresses the conflicts that can arise from personal trading by them. The Code of Ethics requires our associated persons to notify the Investment Adviser of the existence of any securities accounts in which they or members of their households have an interest. The Code of Ethics also requires periodic reporting by such persons through duplicate copies of account statements, so that the Investment Adviser can monitor such persons' trading to prevent any violations of the Code of Ethics or other conflicts of interest which could result from employee trading. A copy of our Code of Ethics will be provided to clients or prospective clients upon request.

FRM's associated persons are not prohibited from buying, selling or holding securities that have been bought or sold for a client's account, except that to the extent associated persons wish to invest in initial public offerings or limited offerings, prior approval of such transactions is required. However, the Code of Ethics requires such persons to conduct their personal securities transactions in a manner that does not interfere with transactions for any client or take unfair advantage of their relationship with such client's account. Due to the nature of the Investment Adviser's trading strategies, however, which consist of very short term trading of relatively small amounts of highly liquid securities, with orders placed almost instantaneously after the generation of a trading signal, it is unlikely that any trading by an associated person could interfere with or "front-run" client transactions in a material way. In addition, because of the relatively small size of FRM's trades in such highly liquid securities, it is unlikely that FRM's trading could have any meaningful market impact. As a result, it would be unlikely that any person could profit in a material way, by front-running or trading ahead of trades made by FRM on behalf of its clients.

Item 12 - Brokerage Practices

FRM executes a substantial amount of recommended trades through J.P. Morgan Clearing Corp. (“J.P. Morgan”), its Prime Broker, which is also the custodian of both the Alpha Fund’s and the segregated portfolio of the Private Fund’s assets. The Investment Adviser selected J.P. Morgan based on a range of criteria, the most important being cost, quality of service and creditworthiness. FRM periodically reevaluates the commissions it pays to J.P. Morgan to ensure that its charges are competitive.

FRM receives some benefits, from J.P. Morgan as part of the overall business relationship with J.P. Morgan, including research and an execution platform. These benefits are not tied to a specific volume of transactions. These benefits presently benefit all of FRM’s clients.

The Investment Adviser maintains relationships with other brokerage firms to get the benefit of so called “algos”. These are broker-maintained algorithms that are designed to take advantage of technology to work an order over a period time and provide superior execution relative to certain benchmarks (e.g., volume weighted average price, arrival price or closing price). FRM’s selection of which brokerage firms is based on a careful evaluation of “algo” performance versus cost.

To the extent that FRM obtains research or other benefits as part of the overall business relationship, FRM may be viewed as receiving a “soft dollar” benefit because it will not have to produce or pay for such research itself. FRM, however, does not participate in any formal soft dollar arrangements, earn soft dollar credits or pay specific additional brokerage commissions for research or other types of soft dollar benefits.

FRM may have an incentive to select a brokerage firm on the basis of benefits received rather than its clients’ interest in receiving the most favorable execution. FRM’s Code of Ethics requires it to act only in the best interests of its clients, and FRM periodically reviews all brokerage arrangements to assure that its clients’ interests are being properly served.

Any benefits received by FRM benefit all clients to an equal extent so long as trades for all clients are made in aggregated, or bunched, orders with shares allocated among client accounts equally on a pro-rated basis. The costs of such arrangements are borne by all clients.

FRM does not require that clients use any specific brokerage firm to execute transactions. However, while identical trades may be made for clients who direct their executions to their own brokers, such clients would not necessarily pay or receive the same price as those whose trades are executed in a bunched order with other clients, and they may not be able to take advantage of any commission discounts or lower execution costs that may apply to the larger bunched order. Accordingly, the performance of such clients’ accounts may suffer due to possibly less advantageous trade prices and costs.

Item 13 - Review of Accounts

FRM's Portfolio Manager, Trader, and Analysts review the portfolios of its clients on an ongoing daily basis. This review includes reconciling the accounts of J.P. Morgan, the Prime Broker for both the Alpha Fund and the segregated portfolio of the Private Fund, with trading blotters, as well as reviewing market sector and industry exposures.

FRM's independent accountant, Halpern & Associates LLC, provides the limited partners of the Alpha Fund with monthly statements of the performance of the Alpha Fund, including account statements for their individual interests therein. FRM also now utilizes the services of Halpern & Associates to perform necessary AML/KYC OFAC checks for all new and current investors. A PCAOB registered accounting firm performs a year-end audit of the Alpha Fund, and the audited financial statements are distributed annually to the limited partners thereof.

Item 14 - Client Referrals and Other Compensation

Neither FRM nor its affiliate, the Alpha Fund's General Partner, presently have any arrangements with any third-party solicitor to solicit potential investors for the Alpha Fund, or to solicit potential clients to open other advisory accounts, although they may enter into such an agreement in the future. If they did enter into such an agreement, the solicitor would receive a payment from FRM and/or the General Partner equal to a portion of the fees received by them as a result of the referred investor's investment in the Alpha Fund or in another advisory account, but no client or investor would pay any greater management fee as a result of such arrangement.

Except as set forth with respect to certain benefits in Item 12 *Brokerage Practices*, FRM will not receive any economic benefits from any a non-client for providing investment advisory services to the Advisor's clients.

Item 15 - Custody

The funds and securities owned by the Alpha Fund and the segregated portfolio of the Private Fund are held by J.P. Morgan, the prime Broker of both the Alpha Fund's and the segregated portfolio of the Private Fund. J.P. Morgan provides FRM, the General Partner of the Alpha Fund, and the segregated portfolio of the Private Fund, with monthly statements of account. It is likely that funds and securities of any additional clients FRM may serve in the future would also be held by J.P. Morgan, which would send monthly account statements to such clients as well. If FRM also sends statements or other reports to such clients, clients will be advised to carefully review and compare its reports to those provided by the independent custodian of their accounts.

While FRM does not maintain physical custody of client funds or securities (as described above), because an affiliate of FRM serves as the General Partner of the Alpha Fund, pursuant to the SEC's "Custody Rule," FRM is deemed to have custody of the Alpha Fund assets. The Alpha Fund is audited on an annual basis and all Alpha Fund investors receive copies of its audited financial statements within 120 days of its fiscal year end.

Item 16 - Investment Discretion

Pursuant to the investment management agreements and subadvisory agreements between FRM and its clients, FRM has full discretionary authority to manage the investments on behalf of its clients, and it would expect to have similar authority with respect to all future clients. There are no limitations on the discretionary authority granted by the clients.

Item 17 - Voting Client Securities

The Investment Adviser generally does not vote proxies relating to clients' shares. The short-term nature of the Investment Adviser's trading strategies is such that it is inappropriate to do so, primarily because the Alpha Fund and the segregated portfolio of the Private Fund have no long-term interest in any security purchased, and their investments in any particular security would likely be liquidated prior to the shareholder's meeting for which the vote would have been cast. In the case of an exception to the foregoing FRM's policy is to vote solely in the best interest of the client. More detailed information is available upon request.

Item 18 - Financial Information

In this Item, certain investment advisers are required to provide clients with certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to clients. The Investment Adviser has no such financial condition to disclose. The Investment Adviser has not been the subject of a bankruptcy proceeding.