

**Firm Brochure**  
**SUNRISE CAPITAL PARTNERS LLC**

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March 16, 2020

This brochure ("Brochure") provides information about the qualifications and business practices of Sunrise Capital Partners LLC ("Sunrise"), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Sunrise has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission (our SEC number is 801-74456). 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.

If you have any questions about the contents of this Brochure, please contact us at 858-259-8911 or [info@sunrisecapital.com](mailto:info@sunrisecapital.com). Additional information about Sunrise is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 27, 2019 we have made no material changes to Form ADV.

Sunrise's Brochure may be requested by contacting Jarod Winters, the Firm's Chief Compliance Officer, at (858) 259-8911. The Firm's Brochure is also available free of charge on the SEC's Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

Additional information about Sunrise is also available via the SEC's Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). This SEC web site also provides information about any persons affiliated with the Firm who are registered as investment adviser representatives of Sunrise.

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## **Item 4 - Advisory Business**

### ***History and Ownership***

Sunrise Capital Partners LLC ("Sunrise" or the "Firm") is an asset management firm founded in January 1995 and a successor entity to a lineage of asset management firms that launched in 1980. From its beginnings as a small Commodity Trading Advisor ("CTA") and Commodity Pool Operator ("CPO") managing a small pool of assets for friends and family, Sunrise has evolved into a multi-faceted asset management business that provides a range of alternative investment solutions to clients ranging from individuals to large institutions.

As part of its evolution, Sunrise became an SEC registered investment adviser in 2012. Sunrise has been registered as a CTA/CPO with the Commodity Futures Trading Commission ("CFTC") since February 1995 and is also a member of the National Futures Association ("NFA"). When formed, Sunrise continued the business of Sunrise Commodities which was registered as a CTA and CPO beginning in 1982 and which succeeded Sunrise Commodities and another predecessor firm that launched in 1980.

With the completion in May 2015 of an ownership succession plan, Sunrise Capital is owned by SSG Investment Holdings LLC ("SSG") (NFA ID 0487810), an investment holding company owned in equal shares by Jason Gerlach, Chris Stanton and Rick Slaughter.

### ***Advisory Services Offered***

Sunrise offers discretionary portfolio management services to individuals, high net-worth individuals and pooled investment vehicles. The advisory services offered by Sunrise generally include portfolio management, investment advice, consulting services, performance reporting, and related account services.

Sunrise provides a full range of investment solutions, including quantitatively informed tactical macro strategies expressed through trading in global futures and currency markets, as well as investment portfolio strategies designed for risk-adjusted relative performance, via private investment pools and separately managed accounts and as a sub-advisor to a registered investment company. Sunrise currently serves as the investment manager for and provides discretionary investment advisory services to several institutional clients in addition to pooled investment vehicles referred to herein as the "Funds" and each as a "Fund."

Each Fund and separately managed account utilizes a mix of proprietary investment models that trade various combinations of exchange-traded commodity, stock, bond and currency futures, over-the-counter ("OTC") currencies, and ETFs across a multitude of time frames. The investment methodology employed by Sunrise is based on programs analyzing a large number of interrelated mathematical and statistical formulas and

techniques which are quantitative, proprietary in nature and which have been learned, developed and enhanced by Sunrise's investment team. The profitability of programs traded pursuant to technical analysis emphasizing mathematical approaches will depend upon the occurrence in the future, as in the past, of major price trends and related price patterns, anomalies and relationships within and among the markets Sunrise trades. See Item 8 for greater detail on Sunrise's investment strategies and methodology.

The securities of the Funds are offered only to investors meeting certain sophistication and financial requirements and only by private placement memorandum and other offering documents. Investors and prospective investors should refer to the offering documents for the Funds for a complete description of the risks, investment objectives and strategies, fees and other relevant information pertaining to investments in the Funds.

### ***Registered Fund Sub-Advisory Services***

Sunrise is the Sub-Adviser to the RYZZ Managed Futures Strategy Plus ETF ("RYZZ"), a series of the ETF Series Solution Trust (the "Trust"), a registered exchange traded fund ("ETF"). The ETF seeks positive absolute returns. The ETF is an actively-managed exchange-traded fund. It does not seek to replicate the performance of a specific index; instead, the ETF seeks to achieve its investment objective by implementing a managed futures strategy. Using this strategy, RYZZ will invest globally to exploit opportunities across a broad range of asset classes including, but not limited to, equities, commodities, currency, and fixed income. Pursuant to a Sub-Advisory Agreement between the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement"), the Sub-Adviser is responsible for trading portfolio securities on behalf of the ETF, including selecting broker-dealers to execute purchase and sale transactions as instructed by the Adviser, subject to the supervision of the Adviser and the Board.

Sunrise has full discretion with regards to investments made on behalf of the Funds and does not tailor its advisory services to the individual needs of investors in those Funds. Given the breadth of investment strategies it has developed, however, Sunrise has the ability to tailor its advisory services to the individual needs of its separately managed account clients. Such clients may communicate their individual needs to Sunrise prior to investing and as necessary select the specific sectors, markets, time frames and techniques they would like Sunrise to invest in on their behalf. With the understanding that investor needs evolve over time, Sunrise maintains a continuous dialogue with its separately managed account clients about their individual investment needs and can modify investment strategies accordingly.

Sunrise does not participate in wrap fee programs.

### ***Amount of Assets Managed***

As of January 31, 2020, Sunrise's regulatory assets under management are \$14,721,028; all of which are managed on a discretionary basis.

## **Item 5 - Fees and Compensation**

### ***Fees for Separately Managed Accounts***

The fee for Sunrise's advisory services for separately managed accounts is based on a percentage of the assets under management and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
All assets	0.50% to 2.00%

The fee arrangement, termination, and refund policies are negotiated with each separately managed account client prior to the commencement of advisory services and are described in the client's advisory agreement. The investment advisory fee will vary, depending on the specific nature of the strategy managed by Sunrise, the type of investment mandate and the needs of the client. As well, the billing and payment method for advisory fees varies between securities accounts on the Interactive Brokers platform and all other accounts. Accounts on the Interactive Brokers platform participate in that platform's ability to charge and pay advisory fees on a daily basis. The advisory fee for all other accounts, including commodity futures accounts, is billed and payable monthly in arrears based on the value of the account at the beginning of each month. The initial billing period begins when an advisory agreement is signed by the client and accepted by Sunrise. The advisory agreement stipulates that clients have fees directly debited from their accounts. Clients also have the option to have their fees billed separately, by making prior arrangements with Sunrise. If management begins after the start of a month, fees will be prorated accordingly.

In addition to the asset management fees, certain separately managed commodity futures accounts may pay Sunrise performance-based compensation, as discussed in Item 6 below.

### ***Fees for Private Investment Funds***

Sunrise receives investment advisory fees that consist of an asset-based management fee and a performance fee (also referred to as a "Special Allocation"). We charge the Funds a management fee equal to an annual rate of 1.5 to 2.0%, payable monthly in arrears. With respect to Fund(s) that are organized as a partnership for US federal income tax purposes, we are eligible to receive an allocation each year generally equal to 20%

of the Fund's net new profit for the year, if any. With respect to the Fund(s) that are organized as a corporation in a non-US jurisdiction, we are eligible to receive a fee each year generally equal to 15% to 30% of the Fund's net new profit for the year, if any. All performance fees and allocations are subject to a high-water mark.

Management fees are debited directly from the Fund. Investors receive quarterly statements from the Fund's Administrator that show the value of the Investor's capital account and the fees debited from the account. Sunrise may, in its discretion, rebate fees to a limited number of employees and their families and certain select investors.

Note, to the extent an asset management fee is charged at the Feeder Fund level, it will not be charged or allocated at the Master Fund level.

### ***Fees for Sub-Advisory Services to Registered Investment Companies***

Sunrise provides Sub-Advisory services to an exchange traded fund (ETF). Sunrise does not receive a fee from the principal adviser for the services it provides to the ETF; Sunrise receives compensation from its parent company SSG Holdings LLC, which shares in the profits and losses of the Adviser through its fifty percent ownership position in the principal adviser. Additional detail about the fees charged to an investor in the fund is available in the prospectus and Statement of Additional Information ("SAI") available to clients prior to making any investments.

Sunrise reserves the right, in its sole discretion, to negotiate and charge different advisory fees for different accounts. Advisory fees may vary due to the specific details of the strategy traded for the client's account (including, for example, the costs and risks associated with a particular strategy), the inception date of a client's account, the initial or potential size of the account, the entirety of the client's and its affiliates' relationship with Sunrise, and account-specific requirements such as non-standard reporting obligations and compliance with laws not generally applicable to Sunrise's activities. Accordingly, Sunrise may charge a higher or lower fee than the standard ranges of fees set forth above. No asset management fee is charged with respect to the capital account of the principals, employees and/or affiliates of Sunrise.

Lower fees for comparable services may be available from other sources.

### ***Termination of Services***

With respect to Fund interests, subject to certain conditions, an investor may redeem some or all of his/her/its interests in a Fund upon 10 days' written notice to the respective Fund's administrator. There are no redemption charges and such investor will receive the proceeds from such redemptions within 30 days of the month end in which the redemption takes effect.

With respect to separately managed accounts, clients may terminate the advisory relationship at any time upon written notice to Sunrise and allowance to Sunrise of a reasonable time to unwind in an orderly fashion any positions it may have invested in on behalf of the terminating client.

In the event Sunrise's services are terminated by a client or Fund investor, its fees are pro-rated to the extent that its services have been provided for less than the full quarter.

### ***Operational Expenses of the Funds***

In addition to the management and incentive fees payable to Sunrise, the investors in each of the Funds will bear its pro rata costs and expenses related to its respective Fund's investments, operations and administration, including, without limitation: (i) interest expenses, (ii) other transactional charges, (iii) expenses relating to cash management, (iv) legal, compliance, audit, accounting, tax and custodial fees and expenses and (v) fees and expenses of each Fund's administrator.

### ***Other Fees for Separately Managed Accounts***

Sunrise provides investment advisory services to institutional and other clients through separately managed accounts ("Separately Managed Accounts"). Separately Managed Accounts typically bear certain expenses in addition to investment advisory fees, including custodial fees, brokerage costs, trade correction costs, out-of-pocket costs (if applicable) or fees for plan administrator/Trustee-directed special projects or reports. Sunrise receives no payment or remuneration from clients with respect to such other expenses (except as described in Item 12-Brokerage Practices), and any such charges, fees and commissions are exclusive of and in addition to Sunrise's advisory fees. No portion of such charges, fees or commissions shall be applied as an offset to reduce the amount of advisory fees owed by a client to Sunrise. In addition, when client assets are invested in a mutual fund or in an Exchange-Traded Fund ("ETF"), the client indirectly bears a prorated share of operating expenses incurred by the mutual fund or the ETF, including without limitation, brokerage fees and transaction costs, trade correction costs, transfer agency fees and custodial expenses. These expenses are described in greater detail in the prospectus and/or SAI for the relevant mutual fund or ETF. Please refer to Item 12-Brokerage below for a discussion of fees related to Sunrise's selection of brokers and order allocation practices. Neither Sunrise nor Sunrise personnel accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

The Funds and certain separately managed accounts may pay Sunrise performance-based compensation ("Incentive Fee"). The Incentive Fee is calculated based on a percentage of the net profits generated by the account(s) on an annual basis. Sunrise



has and will continue to structure any Incentive Fee in accordance with CCR Section 260.234. Therefore, in order to qualify for a performance-based fee arrangement, a new client (or Fund investor, as applicable) must be a "qualified client" meaning that such client will (i) have at least a \$2.1 million net worth, or (ii) have at least \$1 million managed by the Adviser or (iii) be a "qualified purchaser" under Section 2(a)(51) of the Investment Company Act of 1940, meaning that such client will have at least \$5 million net worth).

With respect to the Funds, the general partner will receive from each investor's capital account a share of the profits earned that will vary depending upon the share class in which one invests (subject to there being other arrangements within these funds that would offer perhaps higher incentive fees commensurate with lower management fees). The Profit Share payable for any fiscal year is a variable amount of such Fund's net profits (subject to a "high watermark" discussed below) allocated to such investor's account during such fiscal year. For separately managed accounts, Sunrise's Incentive Fee typically ranges between 15% and 30% of the net profits above the account's previous "high water mark" depending on the specific nature of the strategy managed by Sunrise and the needs of the client. To the extent that the amount of any Fund or separately managed account appreciation is less than the high-water mark, there is a loss carry-forward allocation that must be recouped before Sunrise is entitled to any Incentive Fee.

In measuring a client's assets for the calculation of Incentive Fees, Sunrise includes: for securities or other financial instruments for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities or other financial instruments over the period and, if the unrealized capital appreciation of the securities or other financial instruments over this period is included, the unrealized capital depreciation of securities or other financial instruments over the period. As such, Sunrise may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account.

With respect to separately managed accounts, clients who pay an Incentive Fee will typically be offered a portfolio that includes a broader range of futures and OTC currency markets and a broader suite of Sunrise's proprietary investment techniques than those clients who agree only to pay an asset-based advisory fee. While all portfolios traded by Sunrise will attempt to achieve steady, compelling risk adjusted returns that have a low correlation to most other investment strategies, in some instances portfolios including a broader range of futures and OTC currency markets and a broader suite of Sunrise's proprietary investment techniques may outperform those portfolios that utilize fewer futures and OTC currency markets and a narrower suite of Sunrise's proprietary investment techniques.

Any Fund investor or holder of a separately managed account who elect to terminate his/her/its contract will be charged an Incentive Fee based on the performance of the

account for the measuring period going back from the termination date and pro-rated from the date on which the Incentive Fee was last assessed.

No Profit Share is presently charged with respect to the capital account of the principals, employees and/or affiliates of Sunrise but Sunrise reserves the right to collect such, as well as a management fee, as the conditions of the business of Sunrise dictate.

Sunrise's performance fees and other compensation payable to it and the Funds' general partners are established by Sunrise at the time of the establishment of the relevant investment vehicle and/or account and may be modified from time to time.

Once a Fund's fiscal year has ended, any Profit Share or Incentive Fee earned during that year is not subject to reversal. The performance allocation to the general partner will be based, in part, on unrealized investment gains that may never be realized in the event of adverse changes in the value of such investments. The performance-based compensation received by Sunrise creates a conflict between Sunrise's interest in earning a profit in the short term with the long-term interest of the Funds, their investors and/or separately managed accounts. A performance-based allocation arrangement may create an incentive for riskier or more speculative investments by Sunrise than might be the case in the absence of such performance-based allocation arrangement because these investments may allow Sunrise to collect larger performance-based compensation; however, any such risks would be equally applicable to the general partners' own capital account with respect to each Fund.

## **Item 7 - Types of Clients**

Sunrise provides investment advisory services to a broad range of separately managed account clients and pooled investment vehicles (the Funds). The Funds include private investment funds and a registered investment company (the "ETF"). Sunrise's clients and investors in the Funds have historically included qualified high and ultra-high net worth individuals, family offices, pension and profit sharing plans, trusts and estates, foundations and charitable organizations, and sovereign wealth funds.

In its suite of Optimized Growth Programs, Sunrise generally requires a minimum separately managed account size of \$25,000 but reserves the right to accept client accounts that do not meet these minimum conditions. Depending on the class of interest purchased in a Fund, the minimum investment requirement is either \$500,000 or \$20 million, subject to waiver by the Fund's general partner in its sole discretion.

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

### ***Methodology and Strategy***

Sunrise implements a number of Investment Programs on behalf of its investors. At the core of each of these Investment Programs is a strong reliance on technical analysis. The Programs implement investment decisions systematically with ever-present oversight and arbitration by the Portfolio Manager and trade-desk staff. This is because Sunrise believes that future price movements in all markets are much more likely to be accurately anticipated by analyzing historical price movements within a quantitative and technical framework rather than simply attempting to predict or forecast changes in price based upon fundamental economic analysis, human instinct and emotion. For this reason, all investment decisions made by Sunrise within any of its Investment Programs rely either exclusively or in large part on interrelated statistical formulas and techniques which are quantitative, proprietary in nature and which have been learned, developed and are continually enhanced by Slaughter, Stanton, and Sunrise's talented staff of researchers, traders and technologists. Like any investments based in whole or part upon technical analysis, the potential for any Sunrise Investment Program to achieve successful outcomes will depend largely upon the occurrence in the future of the statistical inefficiencies and anomalies which Sunrise's quantitative models seek to exploit. In the absence of such inefficiencies and anomalies, Sunrise's Investment Programs are much less likely to be profitable.

In addition, there are other limitations inherent to any investment methodology centered on quantitative analysis, including the Sunrise Investment Programs. For instance, part of the historical success of Sunrise's Investment Programs has depended upon those Programs generating defensive or neutral signals and taking no or limited risk during market environments that were not conducive to the inefficiencies sought by the quantitative models underlying those Programs. Accordingly, to the extent that a defensive or neutral investment signal is for any reason not generated during a market that does not offer profitable investment opportunities, the result for Sunrise's Investment Programs can be investment losses. In the same vein, despite Sunrise's best efforts, none of the factors associated with market price volatility patterns and potentially harmful rapid, sudden changes within those price patterns can be controlled by Sunrise or its investment models and therefore, no assurance can be given that any Sunrise Investment Program will be profitable or avoid substantial losses.

Furthermore, Sunrise in all of its Investment Programs reserves the right to override any investment recommendation generated by its quantitative models and reduce portfolio risk if market conditions present material, unmodeled risk of loss to Sunrise's investors. However, even though undertaken with the intention of protecting Sunrise investors, note that any such instances of system override have the potential to adversely affect the profitability of a Sunrise Investment Program. Regardless, Sunrise is under no obligation to

notify its investors of this type of override of its quantitative models as such is occasionally an integral part of its overall investment methodology and risk management protocol.

Note also that while Sunrise's Investment Programs are all centered on proprietary quantitative investment models, the development, maintenance, enhancement and implementation of these quantitative models continually requires Sunrise to make certain subjective judgments. For example, Sunrise must select the markets and time frames it will follow and actively invest in, along with the contract months in which it will maintain investment positions. In another example, Sunrise must subjectively determine when to liquidate positions in a contract month which is about to expire and initiate a position in a more distant contract month. These sorts of subjective decisions and any others made by Sunrise with respect to its Investment Programs will always be done without any prior consultation to Sunrise's investors and Sunrise's investments will always be made in such amounts and at such prices as Sunrise, in its sole discretion, may determine. Moreover, because Sunrise is continually engaged in the research and development process in the hope of improving its quantitative models and investment results, Sunrise will routinely enhance its Investment Programs and in most instances, do so without notifying its investors of such enhancements.

Finally, while Sunrise has extensive experience in the development of investment models and the implementation of those models across a wide range of markets, Sunrise investors should understand that no perfectly "safe" investment methodology has ever been devised and that no one, including Sunrise can guarantee profit or freedom from loss. Therefore, Sunrise cannot and does not imply or guarantee that a client will make a profit when investing in any Sunrise Investment Program. Furthermore, potential Sunrise investors should understand that no person has been authorized by Sunrise to make statements inconsistent with those contained in this Disclosure Document and potential investors should rely solely upon this Disclosure Document for information pertaining to Sunrise's Investment Programs.

### ***Risk Factors***

No investment is free of risk. Investing in securities involves risk of loss that you should be prepared to bear. The markets in which Sunrise invests are highly speculative, volatile and, at certain times, illiquid. Therefore, the Funds and any other account managed by Sunrise is a suitable investment only for those persons who can afford the depletion of their entire investment and who can assume the risk that losing positions may, in certain circumstances, be unable to be promptly liquidated, possibly resulting in losses in excess of the balance in their account. Prospective investors are expected to be aware of the substantial risks of investing in the highly speculative field of futures and forwards investment. Those who are not generally familiar with such risks are not suitable investors

and should not consider opening an account with Sunrise. In addition, Sunrise wishes to emphasize the following particular risk factors:

- Substantial Leverage. The low margin deposits normally required in commodity interest investment, being in some cases as little as 10% of the face value of some contracts in which Sunrise invests, permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a commodity contract may result in immediate and substantial losses to a Fund or a separately managed account. For example, if at the time of purchase 10% of the price of the commodity contract is deposited as margin, a 10% decrease in the price of such contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions.
- Portfolio Turnover and Frequent Trading. Accounts advised by Sunrise can engage in active and frequent trading. Sunrise continually re-evaluates portfolio holdings in which it has invested and will rebalance holdings in response to market price fluctuation or fundamental aspects of the market environment. Investment recommendation(s) in Sunrise-advised accounts and subsequent trading generated by Sunrise's proprietary quantitative models is designed to rebalance accounts intra-month or more frequently, based on predetermined thresholds.

Investors in Sunrise-advised portfolios may incur greater trading and tax liabilities resulting from Sunrise's active portfolio management approach, as compared to the approach of other advisors' passive investment management. Frequent trading can lead to increased trading costs, compared to passive investment strategies. Frequent trading can also lead to increased portfolio turnover and frequency of realizing investment gains and losses, including short-term gains and losses. For tax purposes, while short-term capital gains may be offset by some short-term capital losses, excess short-term gains are generally taxable as ordinary income. Ordinary income is taxed at a higher rate than capital gains from long-term investments.

This type of active portfolio management can also result in capital losses. Each investor's tax objectives are unique and should be discussed with an independent tax advisor.

- Investing In Cash Commodities. Sunrise may from time to time invest in physical or cash commodities for immediate or deferred delivery. Cash transactions relate to the purchase and sale of specific physical commodities and such contracts may differ from each other with respect to terms such as quantity, grade, mode of shipment, terms of payment, penalties and risk of loss. There are no limits on daily price movements of cash commodities and banks, brokerage firms, and dealers

in cash commodities are not required to continue to make markets in any cash commodity. Last, the CFTC does not comprehensively regulate cash transactions, which are subject to the risk of the foregoing entities' failure, inability or refusal to perform with respect to such transactions.

- Price Fluctuations. Commodity interest futures, forwards and options prices are highly volatile. Price movements of commodity interests are influenced by such factors as: changing supply and demand relationships; weather; government, agricultural, trade, fiscal monetary and exchange control programs and policies; and national and international political and economic events. In addition, governments from time to time intervene in certain markets, particularly currency and interest-rate markets.
- Commodity Interest Trading May Be Illiquid. Most United States commodity exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day, no investments may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures interest prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Sunrise from promptly liquidating unfavorable positions and, therefore could subject the Funds and/or the separately managed accounts to substantial losses, including losses in excess of assets in their accounts. Also, the CFTC or exchanges may suspend or limit trading. While daily limits reduce liquidity, they do not reduce ultimate losses; as such limits apply only on a day-to-day basis. Sunrise may invest in certain non-U.S. markets, which may be substantially more prone to periods of illiquidity than United States markets, due to a variety of factors.
- Possible Effects of Speculative Position Limits. The CFTC and the United States commodities exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contract traded on United States' commodities exchanges. All accounts owned or managed by Sunrise, the Funds and its principals and affiliates will be combined for speculative position limit purposes. Sunrise could be required to liquidate positions held for clients in order to comply with such limits. Any such liquidation could result in substantial costs to the Funds and other clients.
- Security Futures Products. Sunrise invests in security futures products on behalf of the Funds and the separately managed accounts. These are futures contracts whose underlying instrument is either a single security or a narrow-based security index. Trading securities futures contracts involves significant risk and investors may

incur substantial losses in a very short period of time. The amount lost is potentially unlimited; it may exceed the initial investment amount because such trading is highly leveraged. Under particular market conditions, it may be difficult or impossible for Sunrise to liquidate a position. For example, trading may be halted as a result of unusual trading activity in the security futures contract or the underlying security, recent news events involving the issuer of the underlying security, systemic failure at an exchange or the firm carrying the position or if the position is in an illiquid market. Even if Sunrise were able to liquidate the position, it could be forced to do so at a depressed price, resulting in large losses to the client account.

- Trading in Options. The Funds and separately managed accounts may engage in trading options on futures, forwards and physical (spot) commodities. Sunrise has less experience in trading options contracts than it does in trading futures and forwards contracts. Although trading in options has been a rapidly growing area of the commodity markets, there can be no assurance that any trading approach can successfully incorporate significant levels of options trading or the variety of new options which have recently, and are expected in the near future to, become available for trading. Although successful trading in options contracts requires many of the same skills required for successful futures trading, the risks involved are somewhat different. Options are speculative and highly leveraged. The purchaser of an option risks losing the entire purchase price of the option. The seller (writer) of an option risks losing the difference between the premium received for the option and the price of the contract underlying the options which the writer must purchase or deliver upon exercise of the option, which could subject the writer to an unlimited risk in the event of an increase in the price of the contract to be delivered. In addition, an option may be characterized as a swap and become subject to the various regulations adopted pursuant to the Reform Act.
- Off Exchange Foreign Currencies. Sunrise engages in trading off exchange foreign currency contracts in the interbank markets on behalf of its Funds and the separately managed accounts. In addition, Sunrise will soon invest in currency swaps on behalf of its clients. These interbank foreign currency contracts and swaps are all currently traded against the U.S. dollar and some as crosses amongst each other. These include: the Japanese yen, British pound, Euro Currency, Swiss franc, Canadian dollar, Australian dollar, Swedish krona, Danish kroner, New Zealand dollar, and Singapore dollar, Polish Zloty, South African Rand and Brazilian Real. Such off exchange foreign currency contracts are not traded on exchanges; rather, banks and dealers act as principals in what is called the interbank market. Neither the CFTC nor any banking authority regulates trading in such off exchange

foreign currency contracts. In addition, there is no limitation on the daily price movements of off exchange foreign currency contracts. Principals in these markets have no obligation to continue to make markets in the off exchange foreign currency contracts in which Sunrise invests. There have been periods during which certain banks or dealers have refused to quote prices or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. The imposition of credit controls by governmental authorities might limit such trading to less than that which Sunrise would otherwise recommend, to the possible detriment of its clients. "Bid-ask" spreads are incorporated into the prices of off exchange foreign currency transactions and affect the profit potential of such transactions.

However, it is not practical to quantify such spreads, which will vary on a transaction-by-transaction basis.

Clients will be subject to the risk of the failure of, or the inability to perform with respect to off exchange foreign currency contracts by the principals with which Sunrise trades. Client funds on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated Futures Commission Merchants ("FCMs") in respect of customer funds on deposit with them.

- Trading on Non-U.S. Futures Markets. Sunrise invests in futures markets outside the United States on behalf of its Funds and the separately managed accounts. Trading on such markets is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some non-U.S. markets, in contrast to United States exchanges, may be "principals' markets" similar to the forward markets in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of any exchange or clearing corporation. In a number of non-U.S. markets, a substantial volume of trades which in the United States could only be executed on a regulated exchange are executed off an exchange in privately negotiated transactions. In some cases, the intermediaries through whom Sunrise may deal on non-U.S. markets may in effect take the opposite side of investments made for clients. Sunrise may not have the same access to certain investments as do various other participants in markets outside the United States. Furthermore, as the Funds and the separately managed accounts will maintain their accounts in United States dollars, with respect to trading in non-U.S. markets, these clients will be subject to the risk of fluctuations in the exchange rate between the local currency and dollars as well as the possibility of exchange controls.



- Investment Decisions Based on Technical Analysis and on the Judgment of Sunrise. Investment decisions made by Sunrise on behalf of clients will be based primarily on technical, rather than fundamental, analysis. The profitability of technical analysis in Sunrise's investment methodology depends upon the accurate forecasting of major price trends and relationships in some markets. No assurance can be given with respect to the accuracy of the forecasts or that price moves, as expected, will, in fact, occur.

A limiting factor in the use of technical analysis is that such an approach requires price movement data, which can be translated into price trends sufficient to dictate a market entry or exit decision. Any investment method that is based upon such technical concepts will not perform well when markets are trendless or erratic, because a technical method may fail to identify a trend on which action should be taken or the method may react to minor price trends, which may result in losses. In addition, a technical investment method may underperform other investment methods when fundamental factors dominate price moves within a given market.

- Failure of the Futures Commission Merchant. FCMs are required to segregate all funds deposited by their customers, including Sunrise's clients, in compliance with CFTC regulations. If such assets were not so segregated, clients would be subject to the risk of the failure of the FCM with which their account was maintained. Even given proper segregation, in the event of the insolvency of a client's FCM, such client would be able to recover only a pro rata share (together with all other commodity customers of such FCM) of assets specifically traceable to the client's account. In the recent insolvency of a major FCM, customers were, in fact, unable to recover from the broker's estate the full amount of their "customer" funds.

The financial failure of the parties with which Sunrise trades in the forward markets could also result in substantial losses, as clients, through Sunrise, will be dealing with such persons as principals, and, furthermore, there is no requirement that such parties segregate customer funds held by them in respect of such investments.

- Drawdowns. On an intra-calendar year basis, Sunrise's investment strategies can and will be subject to occasional drawdowns. Such drawdowns are most likely to occur in situations where a range of different markets within a Sunrise portfolio become highly volatile and begin to vacillate sharply between price increases and decreases. In these "whipsaw" type market environments, Sunrise's investment systems can take fairly sizable positions and then get quickly stopped out of these positions before any meaningful risk mitigation can take place. An

example of this scenario would be the period of April and May 2010 or June 2012 when a range of diverse markets started to move quickly and in unison, and then relatively suddenly, reversed sharply in unison. Not surprisingly, these events caused Sunrise's investment portfolios to suffer a significant drawdown.

- Risks of Electronic Trading and Order Routing Systems. Sunrise invests via electronic trading and order routing systems, which differ from traditional open outcry pit trading and manual ordering routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the contract. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, error trade policies and trading limitations or requirements. There are also differences regarding qualification for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of Internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system also entails risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain period of time, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some contracts offered on an electronic trading system may be invested in electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the contract may have adopted rules to limit their liability, the liability of futures brokers and software and communication system vendors and the amount that may be collected for system failures and delays. These limitations of liability provisions vary among the exchanges.

## **Item 9 - Disciplinary Information**

Sunrise does not have any criminal or civil actions to report or any self-regulatory organization proceedings to report.

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

In addition to its status as a registered investment advisor with the SEC, Sunrise and its principals are regulated by the CFTC NFA, the auditing and enforcement arm of the CFTC.

We are affiliated with RYZZ Capital Management, LLC ("RYZZ"), an SEC registered investment adviser, through common control and ownership. RYZZ provides investment advisory services to a registered investment company. Sunrise is currently the Sub-Adviser to the portfolio of the RYZZ managed ETF, a registered investment company. The common ownership and control of both RYZZ and Sunrise may create an incentive for RYZZ to select and recommend Sunrise as a sub-adviser to the Fund. However, the selection of Sunrise to sub-advise any RYZZ Fund is subject to the approval of an independent Board of Trustees of the ETF Series Solutions Trust. Sunrise believes that the oversight and procedural requirements provided by the ETF Series Solutions Trust adequately safeguard the interests of the shareholders of the RYZZ ETF fund that is sub-advised by Sunrise.

We serve as the investment adviser, general partner, and commodity pool operator to the Sunrise Dynamic Alpha Master Fund, Ltd., (the "Funds" or each, the "Fund"), private pooled investment vehicles in which you may be solicited to invest. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Funds are offered will receive a private placement memorandum and other offering documents. The fees charged by the Funds are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with our firm may have made an investment in the Funds and may have an incentive to recommend the Funds over other investments.

Sunrise has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services. None of the above relationships, however, creates a material conflict of interest with any of Sunrise's clients or investors.

From time to time, Sunrise may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Sunrise accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

Sunrise Capital Partners is a regular participant in the activities of the Managed Funds Association and it is a Founders' Club Member of the California Alternative Investments Association.

Neither Sunrise nor any of its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Sunrise does not recommend or select investment advisers for its clients.

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

### ***Code of Ethics***

Sunrise has adopted a written Code of Ethics, which sets forth high ethical standards of business conduct based on principles of openness, honesty, integrity and trust that we require of our employees, including compliance with applicable federal securities laws.

Sunrise and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. At least once a year, each Sunrise employee is required to acknowledge this code in writing and agree to be bound by it.

Sunrise's Code of Ethics covers standards of business conduct, confidentiality of client information, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving significant gifts, and reporting of certain gifts and business entertainment items, among other things.

In rare cases, Sunrise's business may provide Sunrise and its employees with access to material nonpublic ("insider") information. The Code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Employees of Sunrise who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Personnel are also required to promptly report any violations of the code of ethics of which they become aware.

A copy of Sunrise's Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@sunrisecapital.com](mailto:info@sunrisecapital.com), or by calling us at (858) 259-8911.

### ***Participation or Interest in Client Transactions***

Sunrise and its affiliates may act as investment manager to numerous client accounts (including, without limitation, the Funds) and may give advice or take action with respect to any client account, or for its own account, that differs from action taken on behalf of other accounts. Sunrise and its affiliates are not obligated to recommend, buy, or sell, or to refrain from buying or selling, any security or other financial instrument that Sunrise or its affiliates may buy or sell for its or their own account or for the account of any other client. Sunrise and its personnel may invest in securities recommended to advisory clients. This creates a conflict to recommend such securities over other securities.

We are the sub-adviser to the RYZZ Managed Futures Strategy Plus ETF (the "ETF"), a series of ETF Series Solution Trust, a registered investment company. Where appropriate, we may exercise our discretionary authority and without further approval from you, we may invest a percentage of your assets in the ETF. This creates a conflict of interest and gives our firm an incentive to recommend our proprietary ETF because we will receive compensation as your investment adviser through Sunrise and as the sub-adviser to the ETF. Except as otherwise required by law for ERISA assets, we do not offset any compensation we receive against fees or expenses you may otherwise pay to Sunrise and/or any of our affiliates. You may set restrictions on our investment authority and prohibit us from investing your assets in the ETF. Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. Where conflicts of interest arise between the ETF and other accounts managed by our portfolio manager(s), we will proceed in a manner that ensures that the ETF will not be treated more or less favorably. There may be instances where similar portfolio transactions may be executed for the same security for numerous accounts managed by the portfolio manager(s). In such instances, securities will be allocated in accordance with Sunrise's trade allocation policy.

It is Sunrise's policy that it will not affect any principal or agency cross securities transactions for client accounts (including, without limitation, the Funds) without pre-approval from the client. Sunrise will also not cross trades between client accounts without the client's consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

### ***Conflicts of Interest***

Sunrise is required to disclose all relevant conflicts of interest. The following summarizes conflicts of interest that may exist between you and Sunrise. In addition to the conflict of interest arising from trading by Sunrise or its principals or employees for their own accounts as discussed immediately above, and conflicts relating to Sunrise's receipt of performance-based compensation, which are discussed in Item 6 above, clients (and underlying investors in the Funds) are subject to additional conflicts of interest. The offering documents for each Fund and disclosure documents provided to holders of separately managed accounts detail a complete description of what Sunrise believes to be the most significant conflicts of interest associated with an investment in a Fund. Some

of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds or through a separately managed account. Investors should carefully consider the conflicts of interest herein, as well as those outlined in Sunrise's offering documents, prior to investing with Sunrise.

Sunrise and its principals may invest for their own accounts in addition to directing investment for client accounts. Therefore, Sunrise and its principals may be deemed to have a conflict of interest concerning the sequence in which orders for transactions will be transmitted for execution. Additionally, a potential conflict may occur when Sunrise and its principals, as a result of a neutral allocation system, testing a new investment system, trading their own internal account(s) more aggressively, or any other actions that would not constitute a violation of fiduciary duties, take positions in this internal account(s) which are opposite, or ahead of, the position(s) taken for a client. Internal accounts, in investing in a new or experimental system, may enter the same markets earlier than (either days before or on the same day) that of client accounts traded at the same or other FCMs. In the past, Sunrise has invested its own assets in an internal account that utilizes a more leveraged version of the investment strategies used in client accounts and from time-to-time, the Firm has also tested new strategies in its internal accounts. As a result, there is potentially a conflict of interest between Sunrise's internal accounts and Sunrise's client accounts when allocating prices on investments that are executed by an FCM at multiple prices. To remedy this potential conflict Sunrise, in all such instances, uses a non-preferential method of fill allocation.

Sunrise may aggregate its internal investment activity with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price where such pricing is attainable and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price where such pricing is attainable. Any Sunrise internal investment accounts will be included in the pro-rata allocation.

The CFTC and domestic exchanges have established speculative position limits on the maximum net long or net short futures position that any person, or group of persons, or group of persons acting in concert, may hold or control in particular futures contracts or options on futures traded on U.S. commodity exchanges. All commodity accounts owned or controlled by Sunrise, its principals and affiliates are combined for speculative position limits. Because speculative position limits allow Sunrise and its principals to control only a limited number of contracts in any one commodity, Sunrise and its principals are potentially subject to a conflict among the interests of all accounts they control which are competing for shares of that limited number of contracts. There exists a potential

conflict between Sunrise's interest in maintaining a smaller position in an individual client's account in order to also provide positions in the specific commodity to other accounts under management and the personal accounts of Sunrise and its principals.

Sunrise concurrently manages and invests on behalf of the Funds and the separately managed accounts pursuant to the same or substantially similar investment strategies. Sunrise will not, however, knowingly or deliberately employ an investment strategy on behalf of any account which it manages which it knows to be inferior to any investment strategy which is employed for other accounts or knowingly or deliberately favor one account over any other such account. In addition, Sunrise could potentially have a conflict of interest because its compensation for managing some other accounts may exceed its compensation for managing the client's account, and therefore may potentially provide an incentive to favor such other accounts. However, this conflict is mitigated entirely by Sunrise's non-preferential method of fill allocation.

Similarly, when two or more accounts seek to purchase or sell the same futures or option contract, the contract actually purchased or sold will be randomly allocated among such accounts on a pro rata basis depending on the relative size of the funds available for investment by each. In some cases, this system could adversely affect the price or size of the position obtainable for a particular account. In other cases, however, the ability of an account to participate in volume transactions will produce better contract executions for such account.

Sunrise clients include persons or entities resident in various jurisdictions, including the United States who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of each client may relate to or arise from, among other things, the nature of investments made by such client, the structuring of securities purchases and the timing of disposition of investments. Such structuring may result in different returns being realized by different clients. As a consequence, conflicts of interest may arise in connection with decisions made by Sunrise that may be more beneficial for one client as opposed to another, especially with respect to certain client's tax situations. However again, these potential conflicts are mitigated as much as reasonably possibly by Sunrise's non-preferential method of fill allocation.

### ***Personal Trading***

Sunrise's Code of Ethics is designed to assure that the personal securities and other financial instrument transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Sunrise's Code of Ethics includes policies and procedures for the review of quarterly securities or other financial instrument transactions reports as well as initial and annual securities or other financial instrument holdings reports that must be submitted by the

firm's access persons. Among other things, the Code of Ethics also requires the prior approval of any acquisition of securities or other financial instruments in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement and recordkeeping provisions.

Sunrise's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While Sunrise does not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Pursuant to the Sunrise Code of Ethics, no Sunrise employee or individual associated with the firm may buy or sell for their personal accounts - futures, forward or swap contracts or OTC currencies at any time or under any circumstance. In addition, no Sunrise employee or individual associated with Sunrise may trade any ETF or other equity which is being traded as part of any Sunrise investment strategy, without prior approval from the Chief Compliance Officer. However, Sunrise has historically, and will continue to run internal investment accounts in which it implements certain experimental and higher risk markets and investment techniques in order to determine whether such markets and techniques would be appropriate for integrating into client accounts at some point in the future.

## **Item 12 - Brokerage Practices**

Each Fund and separately managed account's securities transactions generate brokerage commissions and other compensation, all of which the respective Fund and/or separately managed account, not Sunrise, will be obligated to pay. Sunrise requires that clients provide the Firm with written authority to determine the broker-dealer to use and the commission costs that will be charged to its clients for these transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to Sunrise in writing. In some rare instances, a client may be limited in the markets in which it can trade and requires that we not execute trades in such markets. Except for this exception, no client has limited Sunrise's discretionary authority.

Sunrise utilizes a number of broker-dealers to affect transactions for the Funds. Such broker-dealers are selected based upon, among other things, the commissions, gross compensation and other transactions costs charged by the broker; the execution capabilities with respect to the relevant type of order and access to the markets for the securities being traded; the broker-dealer's expertise in particular markets; the reputation, experience, responsiveness and financial stability of the firm; the quality of service; the competitiveness of commission rates and spreads, including the documentation to support such competitiveness; the familiarity both with investment practices generally and the techniques employed by each Fund; research and analytic services; and clearing and settlement capabilities. These factors are subject at all times



to principles of best execution. In allocating brokerage, the commissions each client will pay to such broker-dealers will not necessarily represent the lowest commission rate available, but will reflect Sunrise's evaluation of the brokerage-related services supplied by such brokers and which benefit a client, either alone or together with the other clients of Sunrise.

Sunrise does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Sunrise does not receive any client referrals from a broker-dealer. Sunrise has engaged a third party solicitor to refer non-U.S. clients.

Currently, Citigroup Global Markets Inc. ("Citigroup" or "Citi"), ADM Investor Services, Inc. ("ADM") and US Bank N.A. ("US Bank") have been appointed as the prime brokers for the Funds and clear the Fund's securities transactions that are affected through other brokerage firms. The Funds are not committed to continue its prime brokerage relationships with these prime brokers for any minimum period, and Sunrise, in its sole and absolute discretion, may select other or additional brokers to act as prime broker(s) to the Funds. Separately managed accounts under the Optimized Growth Program are currently held and traded at Interactive Brokers LLC. Not all advisers require their clients to direct brokerage.

As mentioned in Item 11, where advantageous to its clients and available, Sunrise does aggregate client trades and where such aggregated orders allow for average fill pricing, all clients will be allocated the identical fill price. Where average fill pricing is not available, Sunrise utilizes a blind, randomized fill allocation process to ensure that no client and no Sunrise internal account are treated differently than any other. In instances where it is necessary to implement client transactions separately for each account, it is possible that certain client trades may be executed before others and at a different price and/or commission rate. Additionally, in these instances, our clients may not receive potential volume discounts available to advisers who aggregate client trades.

## **Item 13 - Review of Accounts**

Client portfolios (i.e. the Funds and the separately managed accounts) are managed day-to-day by employees of Sunrise who implement Sunrise's proprietary investment models and who are appointed and supervised by senior employees and principals of Sunrise. Sunrise conducts daily review and reconciliation of all client accounts.

Reviews conducted by Sunrise may take into account a specific client's mandate, economic conditions and changes in the general market environment. Reviews are conducted by various members of Sunrise's investment team including Sunrise Chief Investment Officer Christopher Stanton and Sunrise's Chief Research Officer and co-founder, Richard Slaughter.

Periodic reports (oral, written, or both) are provided to clients from time to time in a form mutually agreed with Sunrise. Sunrise typically provides clients and investors in the Funds with both monthly and quarterly written reports. Monthly reports are more concise and include performance, market value and portfolio characteristics. In addition, as agreed with Sunrise, customized reporting is available. Written reports are delivered via email. Quarterly reports include market and portfolio commentary, performance and attribution, market value, portfolio holdings and transaction detail in addition to information on corporate actions. As requested by clients, Sunrise also typically provides a similar range of information orally through in person meetings, conference calls, and webinars and client conferences. In addition, annually, each Fund will furnish to its respective limited partners audited financial statements.

Where requested and arranged by a client, reports may also be sent by a third-party service provider on behalf of Sunrise.

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

Sunrise from time-to-time works with independent contractors and consultants to aid in its product distribution in non-U.S. markets. These contractors are in part compensated based on fees Sunrise collects from clients they assist Sunrise in subscribing to its investment products and are not borne by the client. Beyond these relationships, it is Sunrise's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to the Firm.

It is Sunrise's policy not to accept or allow any related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services Sunrise provides to its clients.

## **Item 15 - Custody**

Sunrise is deemed to have custody of Client assets in separately managed accounts to the extent that it has the authority to deduct management fees from such client accounts. Additionally, Sunrise is deemed to have custody for one of the Funds to which Sunrise is the Advisor.

In accordance with custody rules, Funds for which Sunrise has custody are audited annually by Ernst & Young or Cohen Fund Audit Services, as appropriate per fund, and maintain all cash and securities with a qualified custodian. Sunrise issues these audited financial statements within 90 days of the end of the fiscal year.

Sunrise, however, does not take physical possession of client money or securities in separately managed accounts; called capital is directly sent or wired into Sunrise's clearing/custodial accounts at Citigroup and ADMIS. First Republic Bank, Citigroup, US Bank and ADMIS serve as clearers/custodians for all fund cash and futures clearing

accounts. Interactive Brokers serves as clearer/custodian for all ETF securities traded under the Optimized Growth Program. Sunrise and the separately managed account owners receive daily and monthly statements from these clearers/custodians. Advisory clients should carefully review their account statements promptly upon receipt and are urged to compare the custodian's account statements received from their qualified custodian with the periodic reports received from the Sunrise.

## **Item 16 - Investment Discretion**

Generally, Sunrise is retained on a discretionary basis by its clients and the Funds' investors.

With respect to the Funds, Sunrise and each Fund's general partner have discretionary authority based on management agreements with each of its Funds and/or other documents that govern each Fund/client relationship, to buy and sell securities or other investments on behalf of the Funds, to determine the amount of such investments to be bought and sold, to determine the broker or dealer through which securities or other financial instruments are bought or sold and to determine the commission rates at which securities or other financial instrument transactions will be effected and the prices at which securities or other financial instruments are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs. The terms upon which Sunrise serves as an investment manager of a Fund are established at the time each Fund is established. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner, and not to investors in the Funds individually.

To become a limited partner in a Fund, prior establishing a capital account, a limited partner must: (i) review the offering material, including the Firm's ADV Part 2, (ii) execute a copy of the limited partnership agreement and (iii) complete the Fund's subscription documents (which includes a power of attorney applicable to the execution of a limited partnership agreement with the Fund). Sunrise is not permitted to transact any business with an underlying Fund investor until such person reviews and executes these documents.

With respect to all other advisory clients, each client must execute an investment management agreement, as well as other subscription documents. Sunrise is not permitted to transact any business with a separately managed account client until such person executes these documents.

An investor in the Fund and/or separately managed account client may impose limitations on Sunrise's authority through a side letter agreement and Sunrise may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a client's or limited partner's account must be presented to Sunrise in writing and agreed to by all parties. No limited partners or clients to date have limited Sunrise's discretion to provide investment advice.

Sunrise's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

### **Item 17 - Voting Client Securities**

Sunrise has not yet voted proxies on behalf of clients and does not counsel clients on proxy voting issues. Sunrise recently adopted a proxy voting policy in accordance with SEC Rule 206(4)-6 which details how it will vote its clients' proxies when necessary.

### **Item 18 - Financial Information**

Sunrise is not required to provide a balance sheet for its most recent fiscal year, as it does not require or solicit prepayment of more than \$1,200 in fees per client in any securities account, six months or more in advance.

Sunrise is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients nor has the firm been the subject of a bankruptcy petition in the past ten years.