

**PART 2A OF FORM ADV:  
FIRM BROCHURE**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of Ramsey Quantitative Systems, Inc. (“RQSI” or the “Company”). If you have any questions about the contents of this Brochure, please contact us by telephone at 502-315-1733 or [jgregory@rqsi.com](mailto:jgregory@rqsi.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about RQSI also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Being a "registered investment adviser" or describing RQSI as being "registered" does not imply a certain level of skill or training.**

**THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.**

## **Item 2: Material Changes**

**The only material changes to this Brochure since the date of the previous version (December 31, 2019) are as follows:**

- Launching of qubit Diversified Alternative Yield Fund, LP in January 2020.

## **Item 3: Table of Contents**

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

## **Item 4: Advisory Business**

RQSI was founded in 1996 and is now organized as a Kentucky corporation. Neil Ramsey (the “Principal”) is the founder/owner of RQSI and the CEO/Chief Investment Officer of RQSI. Mr. Ramsey is responsible for the management of the strategies employed by RQSI and is supported by a team of investment and operational professionals.

RQSI serves as the investment manager and provides discretionary advisory services to the following private funds: RQSI Global Asset Allocation Master Fund, Ltd. (the “GAA Fund”) and qubit Diversified Alternative Yield Fund, LP (the “qubit DAY Fund”). In addition, RQSI serves as the investment adviser and provides discretionary advisory services to The Advisors’ Inner Circle Fund II (the “Trust”), a Massachusetts voluntary association registered as an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), on behalf of the RQSI GAA Systematic Global Macro Fund (“GAA Registered Fund”). RQSI also provides discretionary investment advisory services to separately managed accounts (the “Managed Accounts”, together with the GAA Fund, the qubit DAY Fund and the GAA Registered Fund, the “Client” or “Clients”).

RQSI may, in the future, organize additional investment vehicles or provide investment advisory services to other accounts that follow an investment strategy similar to or different from the investment program of the Funds.

The GAA Fund's investment objective is attractive capital appreciation that is not correlated with the performance of the general securities markets. The GAA Fund seeks to achieve this objective by committing a portion of its capital to the investment discretion of RQSI which employs its proprietary quantitative and discretionary trading strategies in making trading decisions for the GAA Fund.

Launched in 2020, the qubit DAY Fund leverages RQSI's experience in developing investment strategies based on econometric, quantitative and technical trading factors and identifying outside investment managers offering distinctive trading programs. The qubit DAY Fund integrates these skills to create a diversified set of high yielding return streams based on different liquidity profiles and investment types including yield sources which are also part of trading models in the GAA Fund. Each investment allocation will seek capital preservation and consistent generation of current income using a disciplined emphasis on fundamental credit analysis, risk control, and loss avoidance.

This strategy will seek diversified sources of return from the following primary sources:

- Liquid Public Market Yield Oriented Strategies
- Specialty Finance
- Direct Lending

Supported by an Investment Advisory Committee with veteran credit executives, allocations to the various yield sources are managed to ensure no single source contributes disproportionately to total portfolio risk. The result is a diversified source of yield-like income that is less susceptible to (rising-rate) market environments and business cycle fluctuations. The qubit DAY Fund is available in an onshore fund with fee structures tied to investor liquidity preferences.

Investment restrictions for the GAA Fund, qubit DAY Fund and/or Managed Accounts, if any, are generally established in the applicable GAA Fund's, qubit DAY Fund's or Managed Account's confidential offering memorandum and/or other applicable governing agreements (collectively, the "Governing Documents").

The GAA Registered Fund allocates its assets among three macro or broad asset classes (equities, fixed income and currencies) by taking long and/or short positions in futures contracts based on instruments in each asset class. A futures contract is an agreement between two parties whereby one party agrees to sell and the other party agrees to buy a specified amount of an underlying instrument at an agreed upon price and time. Agreeing to buy the underlying instrument is called buying a futures contract or taking a long position in the contract. Likewise, agreeing to sell the underlying instrument is called selling a futures contract or taking a short position in the contract. As the owner of a long position in a futures contract, the GAA Registered Fund will benefit from an increase in the price of the underlying instrument, and, as the owner of a short position, the GAA Registered Fund will benefit from a decrease in the price of the underlying instrument.

The GAA Registered Fund purchases and sells futures contracts based on trading and sizing signals generated by a proprietary systematic global asset allocation ("GAA") investment model, designed by RQSI, which combines various quantitative investment strategies (e.g. econometric,

technical and relative value) to seek to generate returns across asset classes and investment timeframes. Through its investments in futures contracts, the GAA Registered Fund will principally have exposure to (i) large-cap equity markets, (ii) investment-grade government securities of any maturity, (iii) interest rates and (iv) currencies. Under normal conditions, the GAA Registered Fund will have exposure to the equity markets, government securities, interest rates or currencies of at least three countries, including the United States, and will typically have exposure to non-U.S. equity markets, government securities, interest rates and currencies (measured on a gross basis) equal to at least 40% of its total assets. Investment restrictions for the GAA Registered Fund, if any, are generally established in the GAA Registered Fund's prospectus and Statement of Additional Information ("SAI").

RQSI makes investment decisions for the GAA Registered Fund and continuously reviews, supervises and administers the GAA Registered Fund's investment program. The Board of Trustees (the "Board") of the Trust supervises RQSI and establishes policies that RQSI must follow in its management activities.

As of March 31, 2020, RQSI had regulatory net assets under management of approximately \$570 million. RQSI has discretionary authority over Clients' investment activities.

## **Item 5: Fees and Compensation**

RQSI deducts its management fees ("Management Fee") generally from the GAA Fund and qubit DAY Fund monthly in arrears in such amounts as are set forth in the Governing Documents of the GAA Fund and qubit DAY Fund. RQSI is entitled to receive performance-based allocations ("Performance Allocation") from the GAA Fund on a quarterly basis in arrears and upon withdrawals by investors in the GAA Fund, subject to a "high-water mark". For a further discussion of the Performance Allocation and the "high-water mark", please see Item 6. RQSI does currently not have a Performance Allocation associated with the qubit DAY Fund.

RQSI, in its discretion, may waive, reduce or rebate the Management Fees and/or Performance Allocations with respect to the investment of an investor, including its employees, owners, affiliates and/or one or more investors.

RQSI generally receives a management fee (the "MA Management Fee") for the advisory services performed on behalf of each Managed Account client. The MA Management Fee rates are generally 1.0% per annum, as negotiated with the Managed Account client, and are calculated based on the net assets under management in each respective Managed Account. Under certain circumstances, RQSI may also receive a quarterly or an annual performance-based fee (the "MA Incentive Fees") in an amount generally ranging from 10.0% to 20.0% of the increase in the value of each Managed Account. MA Incentive Fees typically are subject to a high watermark. The MA Management Fee and MA Incentive Fees are expected to be paid by the applicable Managed Account promptly after they are determined.

In addition to the fees and allocations described above, the GAA Fund and qubit DAY Fund pay costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction expenses in conducting trading activities on behalf of the GAA Fund and qubit DAY Fund, legal, accounting, tax form preparation, consulting, auditing,

indemnification expenses, compliance and bookkeeping fees and expenses, filing and other regulatory fees and expenses, costs of litigation or investigation involving the GAA Fund or qubit DAY Fund activities and any extraordinary expenses. To the extent the GAA Fund or the qubit DAY Fund invest in other pooled investment vehicles, they will bear its allocable share of the costs and expenses of such vehicles, including their organizational, offering and operating costs and expenses and the management fees and incentive compensation payable to their portfolio managers.

Managed Accounts are responsible for the payment of all margins, premiums, commissions and other amounts due in connection with transactions effected by RQSI.

For its services to the GAA Registered Fund, RQSI is entitled to a fee, which is calculated daily and paid monthly. This fee is charged at an annual rate of 1.60% of the average daily net assets. Both of these fees are subject to cap limitations, potential waivers and adjustments that are outlined in the respective Registered Funds' Prospectus. For 2019, the GAA Registered Fund was below the fee cap levels throughout the entire year.

The GAA Registered Fund has adopted a distribution plan under Rule 12b-1 under the 1940 Act that allows Retail Shares of the GAA Registered Fund to pay distribution and/or service fees for the sale and distribution of its shares, and for services provided to Retail Shares shareholders. Because these fees are paid out of the GAA Registered Fund's assets on an on-going basis, over time these fees will increase the cost of a shareholder's investment with respect to Retail Shares and may cost such shareholder more than paying other types of sales charges. The maximum Rule 12b-1 fee for Retail Shares, as an annual percentage of average daily net assets, is 0.25%.

The GAA Registered Fund has adopted a shareholder servicing plan that provides that the Registered Funds may pay financial intermediaries for shareholder services in an annual amount not to exceed 0.10% based on the average daily net assets of the GAA Registered Fund's Retail Shares. The GAA Registered Fund does not pay these service fees on shares purchased directly.

The GAA Registered Fund also pays its operating expenses, including fees of its service providers, expenses of preparing prospectuses, proxy solicitation material and reports to shareholders, costs of custodial services and registering its shares under federal and state securities laws, pricing and insurance expenses, brokerage costs, interest charges, taxes and organization expenses; and other expenses more fully described in the GAA Registered Fund's prospectus and SAI.

RQSI and its supervised persons do not accept any compensation (e.g., brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

For more information regarding RQSI's brokerage practices and brokerage expenses discussed herein, please see Item 12.

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

RQSI is entitled to receive from the GAA Fund a Performance Allocation generally at the end of each quarter. The Performance Allocation is an amount equal to a percentage (as set forth in the

applicable Governing Documents) of the net increase of each investor's capital account or share holdings, as applicable (that is, a share of capital gains on, income derived from, or appreciation of the investment (whether realized or unrealized)) in the applicable GAA Fund, measured at the beginning of such calendar quarter and subject to a high-water mark.

In general, a "high-water mark" means that RQSI will receive Performance Allocations on an investor's aggregate investment in the GAA Fund or Managed Account only when the value of the investment, at the time of determination, is higher than the investment's highest value as of the date of the most immediately preceding determination of whether a Performance Allocation is payable (or in the quarter of such investor's admission, higher than the initial amount of the investment by such investor in the GAA Fund). Should the investor's investment decrease in value (that is, due to capital losses or depreciation of the investment (whether realized or unrealized)), the investment must increase in value back above the previous highest value before RQSI will receive Performance Allocations again with respect to such investor.

If an investor withdraws capital from the GAA Fund, the amount of such investor's high-water mark, if any, will be reduced in proportion to the amount of capital withdrawn.

The Performance Allocation may create an incentive for RQSI to make more speculative investments than would otherwise be made or make decisions regarding the timing and manner of realization of investments differently than if such Performance Allocation was not received.

RQSI is required to act in a manner that it considers fair and equitable, depending on the particular facts and circumstances and the needs and financial objectives of RQSI's various clients, in allocating investment opportunities to the GAA Fund, but RQSI is not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the GAA Fund. RQSI addresses this potential conflict through the application of its trade allocation procedures. RQSI periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether Funds are treated fairly.

There are no Performance Allocations applied to the qubit DAY Fund or the GAA Registered Fund.

## **Item 7: Types of Clients**

Investors in the GAA Fund, the qubit DAY Fund and/or owners of Managed Accounts may include, but are not limited to, high net worth individuals, family offices, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities. Investors in the Registered Funds may include institutional and individual investors.

Details concerning applicable investor suitability criteria are set forth in the respective Fund's Governing Documents and the Registered Funds' prospectus and SAI. The minimum commitment for an investor is outlined in the applicable Fund's Governing Documents and the Registered Funds' prospectus and SAI, including the discretion of RQSI and its affiliates to accept less than the minimum investment threshold. Each investor is required to meet certain suitability qualifications.

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

### RQSI Global Asset Allocation Master Fund, Ltd.

The GAA Fund's investment objective is attractive capital appreciation that is not correlated with the performance of the general securities markets. The GAA Fund seeks to achieve this objective by committing its capital to the investment discretion of RQSI which expects to employ its proprietary quantitative and discretionary trading strategies (the "Trading Strategies") in making trading decisions for the GAA Fund. The Trading Strategies seek to determine optimal periods to buy or sell certain types of financial instruments (primarily foreign currencies, global futures contracts, global commodity and related derivative instruments).

At times, certain classes of the GAA Fund may also seek to commit a portion of their capital to a single investment product that combines multiple yield sources for capturing non-correlated implicit and explicit yield across asset classes. Allocations to the various yield sources are managed to ensure no single source contributes disproportionately to total portfolio risk, then a macro hedge is overlaid to protect against large drawdowns. The result is a diversified source of yield-like income that is less susceptible to (rising-rate) market environments and business cycle fluctuations. Risk is managed both within the portfolio (to ensure diversification across sources of return) and at the macro-level to protect against broad market selloffs.

The GAA Fund may also introduce new share classes that provide customized allocations to the individual Trading Strategies to create client specific trading programs. The fee structures of these programs will also include management fees and/or performance allocations based on the nature of these share classes. Details for these share classes can be found in the GAA Fund's Governing Documents.

### qubit Diversified Alternative Yield Fund, LP

The qubit DAY Fund's investment objective is ongoing yield generation from a variety of systematic trading strategies, investment in Specialty Finance opportunities and allocation to outside investment manager focusing on attractive yield generation.

As part of its investment strategy, the qubit DAY Fund will invest through outside managers that are thoroughly reviewed by the qubit DAY investment team before any investment is made. Key considerations as part of this due diligence process includes review of the historical track records of the manager, the similarity of the proposed trading strategies with prior investment programs and the general liquidity of the strategy. Where possible the qubit DAY Fund will favor programs that have shorter liquidity timeframes to ensure sufficient liquidity for Fund investors. To reflect the illiquid nature of some of the outside manager allocations and the Specialty Finance investments, different classes of the qubit DAY Fund may be established where management fee levels will be structured to align with the underlying liquidity of the Fund investment (i.e., longer term liquidity will result in lower management fees). Any management fees generated by the qubit Day Fund above the level of the shortest allowed Investor liquidity period will be returned to the Fund versus being earned by RQSI. Details for these share classes can be found in the qubit DAY Fund's Governing Documents.

Allocations to the various yield sources are managed to ensure no single source contributes disproportionately to total portfolio risk, then a macro hedge is overlaid to protect against large drawdowns. The result is a diversified source of yield-like income that is less susceptible to (rising-rate) market environments and business cycle fluctuations. Risk is managed both within the portfolio (to ensure diversification across sources of return) and at the macro-level to protect against broad market selloffs.

#### RQSI GAA Systematic Global Macro Fund, a series of The Advisors' Inner Circle Fund II

The GAA Registered Fund trades a strategy very similar to that employed by the GAA Fund with the primary exception that the GAA Registered Fund does not trade in commodity futures instruments. Other than this, the GAA Registered Fund trades primarily the same instrument universe, execution strategies and portfolio logic as the GAA Fund. The primary reason for the implementation of the GAA Registered Fund is to provide access to investors that otherwise would not be able to make a direct investment in the GAA Fund or have a separate Managed Account due to liquidity, reporting or other factors.

Unlike the GAA Fund and the qubit DAY Fund, there are no additional classes offered in GAA Registered Fund other than standard Institutional and Retail Shares. Details of these share classes are provided in the prospectus and SAI of the GAA Registered Fund.

**The description set forth above is general and is not intended to be exhaustive. The risks of the GAA Fund, qubit DAY Fund and the GAA Registered Fund's business are substantial; the GAA Fund, qubit DAY Fund and/or the GAA Registered Fund could realize losses rather than gains from some or all of the investments described herein. Investing in securities involves a risk of loss that clients should be prepared to bear. More information regarding the specific details of the GAA Registered Fund can be found in the Fund's Prospectus and SAI documents.**

#### Material Risks

The following is an explanation of the material risks that RQSI believes are associated with its investment strategy. Further discussion of these and other risks associated with an investment in the GAA Fund, qubit DAY Fund and/or the GAA Registered Fund are set forth in the applicable Governing Documents and the GAA Registered Fund's prospectus and SAI, as applicable. The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in the **GAA Fund, qubit DAY Fund and/or the GAA Registered Fund.**

The following risks apply to the GAA Fund, the qubit DAY Fund and the GAA Registered Fund:

***Investment and Trading Risks.*** An investment in a Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that such Fund's investment program will be successful and that the investment strategy will work as intended. RQSI will be investing substantially all of the Funds' assets in securities (primarily global exchange traded futures and US based



equities), some of which may be particularly sensitive to economic, market, industry and other variable conditions. No assurance can be given as to when or whether adverse events might occur that could cause significant losses to the Funds.

***Short Sales.*** RQSI may engage in short sales for one or more Funds as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities a Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and such Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. A Fund will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

***Use of Leverage.*** RQSI may leverage a Fund’s portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to investors if such Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the investors if such Fund fails to earn as much on such incremental investments as it pays for such funds. In the event that a Fund leverages its portfolio, fluctuations in the market value of such Fund’s portfolio will have a significant effect in relation to such Fund’s capital and the risk of loss and the possibility of gain will each be increased. In addition, when such Fund utilizes leverage, the level of interest rates generally, and the rates at which such Fund can borrow in particular, will be an expense of such Fund and therefore affect the operating results of such Fund. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of such Fund’s portfolio.

A Fund may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to such Fund. For example, should the securities pledged to brokers to secure such Fund’s margin accounts decline in value, such Fund could be subject to a “margin call” pursuant to which such Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of such Fund’s assets, such Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

***Risks of Investments in Options.*** Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof.

In the case of the purchase of an option, the risk of loss of an investor’s entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a

wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that a Fund may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

***Hedging.*** A Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, RQSI's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategies may also be subject to RQSI's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller-cap issuer than a larger-cap issuer. A Fund's portfolio is not expected to be completely hedged at all times and at various times RQSI may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, such Fund's assets may not be adequately protected from market volatility and other conditions.

***Counterparty Risk.*** Some of the markets in which a Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where such Fund has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. A Fund is not restricted from concentrating any or all of its transactions with one counterparty. The ability of a Fund to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Fund. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades. The Fund will regularly assess any counterparty risk and make adjustments as deemed necessary.

***Concentration of Investments.*** A Fund's portfolio may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of such Fund's opportunistic investing, external

market forces or the lack of liquidity in one security as compared to other securities such Fund holds. Losses incurred in a position making up a significant percentage of a Fund's capital could have a material adverse effect on such Fund's overall financial condition. This limited diversity could expose such Fund to significantly greater volatility than in a more diversified portfolio.

***Systemic Risk.*** Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which a Fund will interact on a daily basis.

***Suspension of Trading.*** For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for a Fund to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for such Fund to close out positions.

***Foreign Securities.*** A Fund may invest in securities of non-U.S. issuers. A Fund's investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the U.S. and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of a Fund's assets denominated in that currency and thereby impact such Fund's total return on such assets. A Fund may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of a Fund's assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for a Fund to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition,

differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of a Fund's trades affected in such markets.

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact a Fund's portfolio.

***Money Market Instruments.*** RQSI may invest, for defensive purposes or otherwise, all or a portion of a Fund's assets in high quality fixed-income securities, money-market instruments, and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as RQSI deems appropriate under the circumstances. Money market instruments are high quality, short term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

***Loans of Portfolio Securities.*** A Fund may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of such Fund's assets. By doing so, such Fund attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, a Fund could experience delays in recovering the securities it lent. To the extent that the value of the securities such Fund lent has increased, such Fund could experience a loss if such securities are not recovered. A Fund will choose to pursue such lending relationships only if in its sole discretion the economic benefit from this added income more than offsets the possibility of potential lack of recovery of lent securities and the added complexity of these activities.

***Futures and Forward Trading.*** The prices of derivative instruments such as futures and forward contracts can be highly volatile, price movements are difficult to predict and financing and related sources are subject to rapid change. Further, uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress.

Many derivative instruments are not traded on exchanges, but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force the GAA Fund, the qubit DAY Fund and/or the GAA Registered Fund to close out positions).

Governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of

such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

In certain cases, the GAA Fund, the qubit DAY Fund and the GAA Registered Fund might be required to liquidate a position that has moved in its favor in order to meet its financing requirements with respect to an offsetting position that has moved against it. This could occur because the procedural requirements of the various dealer or exchange markets may require the GAA Fund, qubit DAY Fund and GAA Registered Fund to deposit additional margin to meet its obligation with respect to the position that has moved against it, resulting in the need to liquidate the favorable offsetting position to obtain funds to meet that obligation if the GAA Fund, qubit DAY Fund and GAA Registered Fund do not otherwise have cash available for that purpose. RQSI expects to maintain a portion of the GAA Fund's, qubit DAY Fund's and GAA Registered Fund's assets as a cash equivalent reserve, to reduce the potential that an otherwise favorable position would have to be liquidated to satisfy the GAA Fund's, qubit DAY Fund's and GAA Registered Fund's financing requirements. However, there can be no assurance that RQSI will be successful in this regard.

As a result of any one or more of the foregoing factors, one or more markets may move against the derivatives positions held by the GAA Fund, qubit DAY Fund and GAA Registered Fund, thereby causing it substantial losses.

***Index Contracts.*** The GAA Fund, qubit DAY Fund and GAA Registered Fund may, but are not required to, utilize various other instruments to seek to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of investments. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, "index contracts").

Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent RQSI's view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the portfolio position of the GAA Fund, qubit DAY Fund and GAA Registered Fund create the possibility that losses in the value of their positions may be greater than the gain on the hedging instrument (or that a gain in their portfolio positions may be less than the loss on the hedging instrument).

In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, the GAA Fund, qubit DAY Fund and GAA Registered Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would

tend to limit any potential gain which might result from an increase in value of such position.

***Spread Positions.*** A part of the GAA Fund's, qubit DAY Fund's and GAA Registered Fund's investment operations may involve spread positions between two or more commodity interest positions, or a combination of the foregoing. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The GAA Fund's, qubit DAY Fund's and GAA Registered Fund's trading operations also may involve relative value trading between two investments. This means, for example, that the GAA Fund, qubit DAY Fund and GAA Registered Fund may purchase (or sell) investments (i.e., on a current basis) and take offsetting positions in options in the same or related investments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

***Illiquid Investments.*** RQSI expects that certain investments in which the GAA Fund and GAA Registered Fund may invest may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the GAA Fund to execute trade orders at desired prices in rapidly moving markets. This illiquidity is most likely to be present in the qubit DAY Fund where many of its investments are not directly exchange traded and therefore more subject to market illiquidity.

The following sections apply to liquidity considerations for the GAA Fund and GAA Registered Fund which are mostly comprised of positions in exchange traded derivatives.

Some United States exchanges limit fluctuations in certain prices during a single day by imposing what are known as "daily price fluctuation limits" or "daily limits". The existence of "daily price limits" or "daily limits" may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various investments have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the GAA Fund and GAA Registered Fund from promptly liquidating unfavorable positions and subject the GAA Fund and GAA Registered Fund to substantial losses, which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the GAA Fund and GAA Registered Fund may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

As part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular investment or commodity interest, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments

may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies will be in the form of securities and other financial instruments that are traded on organized securities or commodities exchanges or are publicly traded in the over-the-counter market. Despite the heavy volume of trading in many financial instruments, however, the markets for others have, or could develop, limited liquidity and depth. This lack of depth could be a disadvantage to the GAA Fund and GAA Registered Fund, both in the execution of orders at desired prices and in the ability to close out an open position.

RQSI may not be able to readily dispose of illiquid investments associated with the GAA Fund and, in some cases, will be legally or contractually prohibited from disposing of such investments for a specified period of time. Under certain conditions, this may hinder the GAA Fund's and GAA Registered Fund's ability to honor redemption requests in respect of the investor accounts in the GAA Fund. In addition, it is often difficult to place a value on illiquid investments. This may affect the determination of the net asset value of the GAA Fund and GAA Registered Fund and thus, the value of their investor accounts and the amount of the Management Fees and Performance Allocations payable to RQSI. There is no Performance Allocation associated with the Registered Funds.

The following sections apply to liquidity and related valuation considerations for the qubit DAY Fund.

Many of the investments in the qubit DAY Fund will consist of direct investment in Specialty Finance opportunities that have limited near term liquidity. In addition, the majority of the Direct Lending investments within the qubit DAY Fund will be through allocations to outside managers that may have clearly defined liquidity considerations including upfront investments periods where funds cannot be withdrawn and ongoing liquidity restrictions whereby the qubit DAY Fund can receive liquidity on only a monthly, quarterly or annual basis. To address this liquidity issue, the qubit DAY has more restrictive Investor level liquidity options than the GAA Fund and the GAA Registered Fund to allow RQSI to better manage any Investor level liquidity requirements of the qubit DAY Fund.

Given the reduced liquidity of the holdings of certain of the qubit DAY Fund positions, especially those that are not traded on global exchanges with daily settlement prices, RQSI is more reliant on valuations provided by outside managers. These prices are typically available on a monthly and in some cases quarterly basis with certain investments priced on a daily basis.

**Other Risks:** In addition to the underlying risk associated with the trading strategies, Investors should also be aware of certain special considerations and risk factors, which include, but are not limited to, the following: (a) Institutional Risk, *i.e.*, the risk that the Fund could incur losses due to: (i) the failure of counterparties to perform their contractual commitments to the Fund; or (ii) the financial difficulty of brokerage firms, banks or other financial institutions that directly or indirectly hold the Fund's assets; (b) Fund Structure Risk, *i.e.*, the special considerations and risks arising from the operation of certain provisions of the governing documents of the Fund; (c) Operational Risk, *i.e.*,

the special considerations and risks arising from the day-to-day management of a pooled investment vehicle like the Fund; and (d) Tax Risk, *i.e.*, the special considerations and risks arising from the operation of an investment vehicle treated as a partnership for U.S. federal tax purposes.

The following sections are only applicable to the qubit DAY Fund.

***Outside Manager Utilization:*** A major part of the qubit DAY Fund Trading Strategy is the use of outside managers that provide unique investments opportunities for yield generating strategies. The process is designed for RQSI to provide extensive upfront due diligence prior to any investment with an outside manager, as well of detailed ongoing monitoring and communication regarding the status of the program after investing. In fact, prior to making any investments, RQSI will ensure that this ongoing reporting is covered in any investment agreement with outside managers. With RQSI reliant on the performance of outside managers, the selection of these managers is a critical part of the strategy with ongoing operations outside of the direct control of RQSI. Given that RQSI requires these outside managers to have a strong track record in similar trading strategies and in some cases will structure the investment as part of a separate managed account versus a typical co-mingled fund investment, RQSI tries to minimize the outside manager risk as much as possible. Furthermore, RQSI seeks to achieve attractive investment terms focused on both economic and liquidity considerations prior to making any investment.

The qubit DAY Fund is also responsible for the payment of any management fees and performance fees/allocations that may be earned by the respective outside managers with these fees paid directly on behalf of the qubit DAY Fund which reduces the net returns of the qubit DAY Fund. RQSI will seek to secure attractive fee structures with managers and aligned with the investors in the qubit DAY Fund as much as possible.

***Interim Valuation Reporting:*** As mentioned previously, the qubit DAY Fund portfolio will in general hold more Illiquid holdings than those in the GAA Fund or the GAA Registered Fund. This may result in less frequent valuation of the qubit DAY Fund positions with increased reliance of the qubit Day Fund managers (both RQSI and outside managers) to provide these valuations instead of having these generated as part of daily exchange settlement prices. Typically, formal valuations will be provided for specific investments on no less than a quarterly basis with outside audited results provided on an annual basis for most investments. Any investor investment additions and/or redemptions will be based on the most recent valuations available to RQSI and subject to the liquidity terms outlined in the qubit DAY Fund's investment documents. Because of the lack of real time valuation levels, it may be difficult to determine intramonth values for holdings within the qubit DAY Fund although RQSI will provide estimated monthly performance reports to reflect the total value of the qubit DAY Fund using the most currently available information.



## **Item 9: Disciplinary Information**

RQSI is not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of RQSI's advisory business or the integrity of RQSI's management.

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

RQSI is registered as a commodity pool operator and commodity trading advisor with the U.S. Commodity Futures Trading Commission ("CFTC") and is a member of the U.S. National Futures Association.

RQSI and its principals and employees (the "Staff Members") are not registered, and do not have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer.

RQSI will evaluate any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a material business relationship with the Funds to ensure that the transaction or arrangement is fair and equitable to the investors in the Funds, and on terms that are consistent with arm's length dealings, and RQSI reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Funds and their investors. Currently, RQSI does not have, and is not aware of any Staff Member that has, any relationships or arrangements that pose material conflicts of interest.

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

Pursuant to Rule 204A-1 of the Advisers Act, RQSI has adopted a written code of ethics (the "Code of Ethics"), which is designed to address and avoid potential conflicts of interest and is applicable to all Staff Members. The Code of Ethics may also be applied to any other person designated by the Chief Compliance Officer of RQSI. The Code of Ethics is included as part of a comprehensive Compliance Manual that applies to all Staff Members.

A summary of the Code of Ethics is provided below. A full copy of the Code of Ethics will be made available to investors upon written request.

One of the primary goals of the Code of Ethics is to identify and resolve conflicts of interest to the benefit of Clients. Accordingly, the Company acknowledges the general principles that Staff Members:

1. Owe a fiduciary obligation to all Clients;
2. Have the duty at all times to place the interests of all Clients first and foremost and before the interests of the Company or themselves;
3. Must refrain from taking inappropriate advantage of their position with the Company;

4. Must conduct Reportable Security Transactions in a manner that avoids the actual, or appearance of, conflicts of interest or abuses of their position of trust and responsibility;
5. Must avoid actions or activities that allow or appear to allow them or others to benefit from their position with the Company, at the expense of Clients, or that bring into question his or her independence or judgment; and
6. Must comply with all applicable Federal Securities Laws.

The Code of Ethics contains guidelines relating to personal trading by Staff Members. Staff Members are not permitted to purchase or sell any security that is also held by the Client Accounts without the advance written approval of the Chief Compliance Officer (except for certain “exempt securities” as described in the Code of Ethics). Staff Members are permitted to make limited personal investments without the prior approval of the Chief Compliance Officer, such as investments in (a) obligations of the United States, (b) obligations of investment grade United States municipalities, (c) money market funds, money market accounts, certificates of deposit, demand deposits, time deposits and checking and savings accounts, (d) shares of Exchange Traded Funds, and (e) exchange traded securities with a market capitalization in excess of \$5 billion.

The Code of Ethics also requires Staff Members to provide it with certain securities holdings and periodic transaction reports, as required by Advisers Act Rule 204A-1.

The Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a Staff Member from directing Client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with Clients or investors without the prior approval of the Chief Compliance Officer. The Code of Ethics includes provisions relating to accepting offers of gifts or entertainment from third parties.

All violations of the Code of Ethics must be promptly reported to the Chief Compliance Officer, who is primarily responsible for administering and enforcing RQSI’s Code of Ethics. A violation of the Code of Ethics may result in the imposition of disciplinary and remedial measures, including, without limitation, disgorgement or termination.

## **Item 12: Brokerage Practices**

### Selection of Brokers and Dealers

In selecting brokers to execute transactions on behalf of Clients, the Company shall at all times seek to select brokers who are expected to provide “best execution” on behalf of Client accounts. RQSI will periodically and systematically evaluate the execution performance of the broker-dealers executing transactions on behalf of any Client. In determining whether or not a broker provides best execution, a variety of factors are expected to be considered by RQSI in addition to net price, including:

- ability to achieve prompt and reliable executions at favorable prices;

- operational efficiency with which transactions are effected;
- financial strength, integrity and stability of the broker;
- availability of stocks to borrow for short sales;
- any special expertise or capabilities of the broker; and
- competitiveness of commission rates in comparison with other brokers satisfying the Company's other selection criteria.

Applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is effected, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction. It is not necessary to select the broker offering the lowest possible commission rate, and RQSI may (or may not) cause a Client account to pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and other services provided by the broker, directly or indirectly, to the Company's Clients.

Staff Members will not select brokers to execute transactions for Clients for reasons unrelated to the best interests of the Client. RQSI's Brokerage Committee is expected to review carefully as part of its annual review all allocations of brokerage by RQSI to brokerage firms with which RQSI or any Staff Member has any relationship of any kind in order to protect against potential conflicts of interest. In addition, the RQSI Brokerage Committee meets at least quarterly to review the performance of all Brokerage related activities, including execution issues (slippage, etc.) and general customer service issues, to identify any issues requiring more in depth follow-up.

#### Soft Dollar Arrangements

RQSI does not currently have any soft dollar arrangements and has no plans to have any for the foreseeable future.

#### Trade Errors

RQSI will seek to identify trade errors and to resolve any such errors as soon as practicable and in such manner as to mitigate the loss that the affected Client might incur. Gains associated with any trade error shall be retained by the affected Client.

Where the Company is responsible for a trade error with respect to a Client that is a "private fund" (i.e., an issuer that would be an investment company, as defined in section 3 of the 1940 Act, but for section 3(c)(1) or 3(c)(7) of the Investment Company Act) or is not otherwise registered as an investment company under the Investment Company Act (each a "Private Fund"), it will only be responsible for reimbursing the Client account for the loss where the trade error was attributable to the gross negligence, bad faith or willful misconduct of RQSI or its personnel.

Where RQSI is responsible for the trade error with respect to the GAA Registered Fund and any other Client that is registered as an investment company under the Investment Company Act, RQSI shall take the appropriate steps to ensure that the Registered Fund (or such other registered fund) is “made whole”. For the avoidance of doubt, RQSI shall be responsible for its own trade errors made with respect to the GAA Registered Fund and not the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by RQSI.

### **Item 13: Review of Accounts**

The Clients’ portfolios are reviewed on a regular basis. RQSI’s investment personnel hold investment meetings to discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment strategies.

RQSI will provide each investor in a Fund with the following reports in accordance with the terms of the applicable Fund’s Governing Documents: (i) monthly NAV and aggregate unaudited portfolio information with respect to the GAA Fund; (ii) periodic investor letters; (iii) annual audited financial reports; and (iv) annual tax information necessary to complete any applicable tax returns. RQSI may utilize its Administrators to provide certain types of this reporting directly to its investors.

Managed Account clients will receive from RQSI, upon request, any information, documentation or other materials reasonably requested in order to enable the Managed Account client to assure that RQSI is managing the assets of the Managing Account in an equitable manner relative to RQSI’s management of the accounts of other Clients.

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

RQSI may engage and compensate third parties for client referrals. RQSI may also receive introductions to investors through broker-dealers that execute trades on behalf of RQSI. RQSI does not believe that it pays any additional fees or higher commissions as a result of these introductions. RQSI seeks best execution on all transactions to mitigate any potential conflicts of interest. However, RQSI may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty.

Other than the circumstances described above, RQSI does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Funds.

### **Item 15: Custody**

RQSI is deemed to have custody of the Funds’ assets because of the authority that RQSI and/or its affiliated entities have over those assets. The Funds’ financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor in each Fund generally within 120 days following the end of each fiscal year of the applicable Fund. The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP) or international financial

reporting standards (IFRS standards). RQSI urges investors to carefully review the audited financial statements of the Funds in which they are invested.

#### **Item 16: Investment Discretion**

In accordance with the terms and conditions of the GAA Fund's and qubit DAY Fund's Governing Documents and the prospectus and SAI of the GAA Registered Fund and subject to the direction and control of the GAA Fund's and qubit DAY Fund's general partner and directors and the board of trustees of the GAA Registered Fund, as applicable, RQSI expects to generally have discretionary authority to determine, without obtaining specific consent from the GAA Fund, the qubit DAY Fund, the GAA Registered Fund, or their respective investors, the securities and the amounts to be bought or sold on behalf of the GAA Fund, the qubit DAY Fund and the GAA Registered Fund, and to perform the day-to-day investment operations of the Funds and the Registered Funds.

Depending on the terms of the investment advisory agreement, RQSI may have discretionary authority to manage the assets of the Managed Accounts in a manner that is consistent with the objectives and strategies set forth in the applicable investment management agreement between RQSI and such Managed Account client.

#### **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, RQSI has adopted and implemented written policies and procedures governing the voting of Client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve each Client's best interest and is in line with each Client's investment objectives. In certain cases, RQSI may determine that not voting is in the best interest of the Clients or otherwise appropriate. Investors may not direct RQSI's vote on behalf of the Clients.

At times, conflicts of interest may arise between the interests of the Clients on the one hand and RQSI and Staff Members on the other hand. At a minimum, the Staff Member responsible for instructing the vote by RQSI on behalf of the Clients will be required to disclose any personal interest or other conflict of interest it has with respect to such proxy. Any conflict of interest will be reviewed and resolved by the Chief Compliance Officer.

A copy of RQSI's proxy voting policies and procedures will be made available to investors upon written request.

#### **Item 18: Financial Information**

A balance sheet is not required to be provided, as RQSI: (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.