

## **Plinth Capital LP**

10 East 40<sup>th</sup> Street, 33rd Floor  
New York, NY 10016

**May 11, 2020**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Plinth Capital LP. If you have any questions about the contents of this Brochure, please contact us by phone at (929) 387-3003 or by e-mail at [lisa.donohoe@plinthcap.com](mailto:lisa.donohoe@plinthcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Plinth Capital LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2. Material Changes**

Plinth Capital LP filed its most recent Brochure on February 6, 2020. This Brochure has been updated to reflect a change in Plinth Capital LP's ownership (see *Item 4 – Advisory Business* for more information about Plinth Capital LP's ownership). There are no other material changes in this Brochure. However, clients and investors are encouraged to read this document in its entirety.

**Item 3. Table of Contents**

Item 1.	Cover Page .....	1
Item 2.	Material Changes .....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation.....	4
Item 6.	Performance-Based Fees and Side-By-Side Management.....	5
Item 7.	Types of Clients .....	5
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9.	Disciplinary Information .....	15
Item 10.	Other Financial Industry Activities and Affiliations.....	15
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12.	Brokerage Practices .....	16
Item 13.	Review of Accounts.....	17
Item 14.	Client Referrals and Other Compensation .....	18
Item 15.	Custody .....	18
Item 16.	Investment Discretion.....	18
Item 17.	Voting Client Securities.....	18
Item 18.	Financial Information.....	19
Item 19.	Requirements for State-Registered Advisers.....	19

**Item 4. Advisory Business**

Plinth Capital LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed in April 2019. We are principally owned by Johnny Wu (the “Principal”).

We provide discretionary investment advice to the following private funds (together, the “Funds”): (i) Plinth ART Fund LP (the “Feeder Fund”) and (ii) Plinth ART Master Fund LP (the “Master Fund”). The Feeder Fund is a feeder fund that invests through the Master Fund. We may also provide investment advice to additional private funds and separately managed accounts in the future. References throughout this document to “clients” refer to the Funds and any other private funds and separately managed accounts we may advise in the future.

The Funds are managed in accordance with their own investment and trading objectives, as described in their offering documents and governing agreements. We do not permit investors in the Funds to impose limitations on the investment activities described in such documents. Under certain circumstances, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by that client. We would negotiate such arrangements on a case-by-case basis. (See *Item 16 - Investment Discretion*.)

Plinth Capital GP LLC serves as the general partner to the Feeder Fund and the Master Fund.

We do not participate in wrap fee programs.

As of December 31, 2019, we managed \$124,826,312 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5. Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with the Funds, as well as in the Feeder Fund’s offering memorandum. All of our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

We are paid management fees from the Funds monthly in advance. Once paid, management fees are non-refundable. We may waive or modify the management fee payable with respect to any investor, including any of our employees or partners, without notice to or consent from any investor.

We or our affiliates are also entitled to receive performance-based allocations from the Funds, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

The Funds will bear the reasonable costs and expenses incurred in connection with their formation and organization and their own operating costs, including, without limitation: (i) the above-described management fees; (ii) indemnification expenses; (iii) commissions; (iv) clearing fees; (v) fees, interest and other costs on margin accounts or other financings or re-financings; (vi) any taxes and duties payable in any jurisdiction in connection with the operations of the Funds and vehicles through which they invest; (vii) accounting and legal fees and disbursements (including legal fees related to the acquisition, protection and distribution of the Funds’ investments); (viii) accounting, audit and tax preparation expenses; (ix) fees of the Funds’ third-party administrator (the “Administrator”); (x) investment-related expenses, including research, subscriptions, quotation services, order management and execution licenses and subscriptions and data feeds; (xi) borrowing charges on securities sold short; (xii) custodial

fees; (xiii) bank service fees; (xiv) third-party servicing agents; (xv) expenses in connection with transactions directed to broker-dealers in part in recognition of investment research and information furnished or expenses for services rendered by broker-dealers in the execution of such orders and the use of such research and other services provided by such broker-dealers; (xvi) investment and trading consultant expenses; (xvii) investment-related travel and entertainment expenses; (xviii) expenses in connection with proposed transactions (including transactions that fail to close); (xix) expenses related to reporting to and communicating with investors; (xx) liability insurance premiums with respect to us, Plinth Capital GP LLC, and its board of managers; (xxi) service fees of the independent directors and/or managers; (xxii) registered office expenses; and (xxiii) any other expenses related to the purchase, sale, holding or transmittal of the Funds' assets, liabilities or the Funds' businesses or affairs.

From time to time, we also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

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

We or our affiliates are entitled to receive a performance allocation from the Funds on an annual basis in arrears and upon withdrawals by investors. Such performance allocation is based on the net capital appreciation of the Funds' assets and is subject to a loss-carryforward mechanism. We or our affiliates may waive or modify the performance allocation with respect to any investor, including any of our employees or partners, without the consent of, or notice to, any investor.

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement.

Currently, the Funds are our only clients and the Feeder Fund invests through the Master Fund. To the extent that we advise additional client accounts in the future, performance-based compensation arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if we manage additional client accounts in the future, we will adopt and follow procedures designed and implemented to ensure that all clients are treated fairly and equitably.

In addition, because the Funds' management fees and performance-based compensation are generally based on the Funds' net asset values, we will have a conflict of interest in valuing the Funds' assets. To mitigate this conflict, we will follow our documented valuation policies and periodically consult with auditors and the Administrator.

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

Investors in the Funds are generally institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and qualified purchasers. The minimum initial investment in the Funds is generally \$5,000,000. We may waive such minimum under certain circumstances.

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

The Funds' investment objective is to deliver positive, absolute returns in most market environments with low beta and correlation to broad-based equity markets, with a focus on capital preservation and limited drawdown.

The Funds will seek to achieve their objective by capitalizing on structural imbalances in derivatives which arise as a result of the activity of retail structured products buyers and other end users of derivatives. The Funds expect to employ three strategies: risk recycling trades, relative value trades and risk mitigation trades.

The acronym "ART" is derived from "Alternative Risk Transfer," a common term used among investment banks to characterize risks accumulated from the sale of retail structured products offerings which the investment banks look to transfer to sophisticated hedge funds. Historically, investment banks have looked to partner with sophisticated institutional investors with active trading capabilities and expertise in trading volatility, correlation, interest rates and dividends (option greeks).

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

*Risk Factors*

Our investment strategy involves significant risks. A discussion of the material risks is provided below. Prospective Fund investors are urged to review the relevant Fund's offering memorandum carefully and consult with their own financial, legal and tax advisers before investing.

General Risks. All securities investments risk the loss of capital. No guarantee or representation is made that the Funds will achieve their investment objectives or that investors will not lose all or substantially all of their investments in the Funds. The Funds have no operating history; as a result, it is inherently difficult to evaluate likely future performance. The investment results of the Funds will be reliant upon our success, which also has no operating history, and there is likewise an inherent difficulty in evaluating our likely future performance.

Available Information. We select investments for the Funds in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to us by such issuers, or through sources other than the issuers. Although we evaluate all such information and data and seek independent corroboration when we consider it appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

Economic Conditions. Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Funds and of the businesses that in which they may invest. None of these conditions is within our control.

Market Disruptions. The Funds may incur substantial losses in the event of disrupted markets or other extraordinary events in which historical pricing relationships (on which we base a number of our trading

positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from their banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction could require the Funds to sell off into a declining market, which would result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

**Competition.** The securities industry generally, and the strategies and techniques to be engaged in by us in particular, are extremely competitive. The Funds will be competing for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Funds' opportunities for profit by reducing or amplifying the magnitude as well as the duration of the market inefficiencies which the Funds seek to exploit.

**Nature of Investments.** We will have broad discretion in making investments for the Funds and expect to utilize highly speculative investment techniques, including futures, options and derivative transactions. There can be no assurance that we will correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may detrimentally impact businesses in which the Funds invest, affecting their access to capital and public market valuations. These factors and others may significantly affect the results of the Funds' activities and the value of their investments. In addition, the value of the Funds' portfolios may fluctuate in response to fluctuations in the general level of interest rates.

**Model Risk.** We rely heavily on quantitative models (both proprietary models developed by us, and those supplied by third parties) and information and data supplied by third parties. Such models and data are used to construct sets of transactions and investments, to value investments or potential investments, to provide risk management insights, and to assist in hedging investments. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without us recognizing the change before significant losses are incurred. When such models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Funds to potential risks.

Our research and modeling process is extremely complex, involving financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although we seek to hire individuals skilled in these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of any model increases the risk that a model may contain an error. One or more of such errors could adversely affect the returns of a particular strategy and may not constitute a trade error subject to reimbursement under our policies.

**Leverage.** The Funds may make extensive use of borrowed funds and other forms of leverage for the purpose of making investments and to hedge their exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Funds' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Funds' exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of

the Funds' interests/shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the Funds' interests/shares may decrease more rapidly than would otherwise be the case.

*Concentration of Investments.* The Funds may at certain times hold relatively few investments. The Funds could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected.

*Volatility.* The market value of certain of the Funds' investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

*Liquidity of Investments.* In some circumstances, investments may become relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Funds' ability to respond to market movements may be impaired and the Funds may experience adverse price movements upon liquidation of its investments.

In some cases, the Funds may be prohibited by contract or regulatory restrictions from selling such securities for a period of time. To the extent that there is no liquid trading market for an investment, the Funds may be unable to liquidate that investment or may be unable to do so at a profit.

*Hedging Transactions.* The success of the Funds' hedging strategy will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to our ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. In addition, we may not hedge a risk inherent in the Funds' portfolios because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

*Currency Exposure.* The value of the assets in the Funds' portfolios may be affected favorably or unfavorably by fluctuations in currency rates. We may elect not to hedge the foreign currency exposure of the Funds, and as such, the Funds would be subject to varying degrees of foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

*Non-U.S. Securities.* The Funds may invest in securities and other instruments of non-U.S. corporations. Investing in such securities involves certain considerations not usually associated with investing in



securities of U.S. companies, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in many non-U.S. countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in non-U.S. countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in many non-U.S. countries than there is in the United States.

Short Selling. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options. The Funds will engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Derivatives. Derivative financial instruments include futures, options, interest rate swaps, forward currency contracts and credit derivatives such as credit default swaps. In addition, the Funds may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of their investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Funds may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives will subject the Funds to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of the Funds' counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out

an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

**Equity Investments.** The Funds' investment portfolio may include long and short positions in equity securities of U.S. and non-U.S. listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect the Funds.

The Funds may on occasion acquire (i) more than 5% of a class of securities of a single issuer, which would require the filing of a Schedule 13D or 13G statement with the SEC or (ii) more than 10% of a class of securities of a single issuer, which would impose certain limitations on the Funds' ability to trade in such securities, including the restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The accumulation of such a significant position in the shares of a single issuer could lead to litigation or disputes in the event we desire to influence the issuer. We may also seek to challenge the management of a portfolio company through a proxy contest. Such litigation or a proxy contest may result in substantial expense to the Funds. In addition, our senior personnel may serve on the board of directors of one or more companies in which the Funds invest. As a result, we will obtain access to material non-public information affecting the portfolio company, which may preclude the Funds from selling their position (or acquiring additional shares) at a time when we otherwise believe it would be appropriate to do so. Moreover, the Funds' ability to realize value from certain of their investments may depend upon our ability to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin off, sale of the business or change in management. If we are incorrect in our assessment of the impact such action will have on the value of a portfolio company, or if we are unsuccessful in persuading the portfolio company's management to take the desired action, the Funds may sustain a loss on their investment in the portfolio company, adversely affecting the Funds.

**Fixed Income Obligations.** Fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

**Debt Securities.** Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and are also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon

factors such as the issuer and maturity. The bonds of some companies may be riskier than the stocks of others.

*Reliance on Corporate Management and Financial Reporting.* We rely on the financial information made available by the issuers in which the Funds invest. We typically do not independently verify the financial information disseminated by the numerous issuers in which the Funds may invest and are dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by the Funds may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

*Rehypothecation of Assets.* Pursuant to a prime brokerage agreement, margin lending agreement or other agreement with the prime brokers or their affiliates, the Funds may authorize each of the prime brokers and their affiliates to lend either to themselves or to others any or all assets deposited with the prime brokers and their affiliates, to convey all attendant rights of ownership (including voting rights and the right to transfer the assets to others), and to use all such assets as collateral for their general loans within the limits of applicable law and regulations. Unless otherwise agreed between the Funds and the prime brokers (or their affiliates), any such assets used as collateral, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated by the prime brokers or their affiliates either separately or in common with other property for any amounts due to the prime brokers or their affiliates (or for a greater amount), and the prime brokers or their affiliates shall have no obligation to retain a like amount of similar property in their possession and control.

The Funds will rank as unsecured creditors to the prime brokers (who may also serve as the Funds' custodians) in relation to assets that each such prime broker borrows, lends or otherwise uses and, in the event of the insolvency of a prime broker, the Funds might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash that a prime broker holds or receives on the Funds' behalf may not be treated by the prime broker as client money, may not be segregated from the prime broker's own cash and may be used by the prime broker in the course of its investment business. In such event, the Funds will rank as general creditors of the prime broker with respect to such cash deposits. Investors should assume that the insolvency of any of the Funds' prime brokers, custodians or other service providers could result in the loss of all or a substantial portion of the Funds' assets held by or through such entity.

*Institutional Risk.* Institutions, such as brokerage firms or banks, will have custody of a portion of the Funds' assets. These assets will often be registered in "street name" and not in the Funds' names. Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Funds. The Funds will attempt to concentrate their investment transactions with well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

*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 the Funds will interact on a daily basis.

*Ability to Enforce Legal Rights.* Because the effectiveness of the judicial systems in certain non-U.S. countries in which the Funds may invest varies, the Funds may have difficulty in successfully pursuing

claims in the courts of such countries, as compared to the United States or other developed countries. Furthermore, to the extent the Funds may obtain a judgment but are required to seek their enforcement in the courts of one of the countries in which they invest, there can be no assurance that such courts will enforce such judgment.

**Special Resolution Risk.** Under the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010 (the “Reform Act”), the Funds’ prime brokers and custodians may become subject to Orderly Liquidation Authority, a special resolution regime pursuant to which the Federal Deposit Insurance Corporation has significant discretion in exercising a range of powers in relation to systemically significant entities in order to prevent or limit the effects of their failure. These include the transfer of critical functions of such an entity to a third party and the imposition of a temporary stay on the exercise of termination rights under financial contracts.

The impact of this regime and its interaction with similar special resolution regimes in other jurisdictions is still uncertain. However, it is worth emphasizing that it has marginalized the significance of the courts in the winding up of such institutions, making legal precedents less relevant.

This may impair the ability of the Funds to accelerate and close out financial contracts and/or to make claims as creditors in the relevant procedure.

**Counterparty Risk.** The Funds are subject to the risk of the inability of any counterparty (including the prime brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy, receivership, special resolution or other causes. The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that we will monitor on an ongoing basis the creditworthiness of firms with which we will enter into swaps or other over-the-counter derivatives on behalf of the Funds. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in losses. Furthermore, there is a risk that any of such counterparties could become insolvent or subject to a bankruptcy, receivership, special resolution or similar proceeding (a “Proceeding”).

If one or more of the Funds’ counterparties were to become insolvent or the subject of a Proceeding (for example, Orderly Liquidation Authority), there exists the risk that the recovery of that portion of the Funds’ portfolio held by such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to the counterparty. In addition, given that the Funds use counterparties located in various jurisdictions, it is more than possible that the laws and regulations in those jurisdictions may conflict. The practical effect of these laws and their application to the Funds’ assets are therefore subject to substantial limitations and uncertainties. Investors should assume that the insolvency or the occurrence of a Proceeding of any counterparty would result in a loss to the Funds, which could be material.

**Transaction Costs.** The Funds’ investment approach may involve a high level of trading and turnover of the Funds’ investments which may generate substantial transaction costs.

**Litigation.** From time to time, in the ordinary course of our operations, we and our affiliates may be subject to litigation and arbitration, which can be costly and divert significant portions of our available staff time and resources. In addition, it is possible that we may use litigation as part of an investment tactic. The Funds could be parties to lawsuits either initiated by us, or by a company in which they invest,

other shareholders, or state, federal and foreign governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Funds. Any litigation or arbitration could have a materially adverse effect on the Funds.

*Exposure to Material Non-Public Information.* From time to time, we may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Funds may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

*Cybersecurity and Systems Risks.* We rely extensively on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the Funds' investment activities, including, without limitation, to trade, clear and settle securities transactions, to evaluate certain investments based on real-time information, to engage in automated trading, to monitor the Funds' portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Funds' activities. In addition, certain of the Funds', our, and our affiliates' operations interface with or depend on computer programs, networks, devices and systems operated by third-parties, the Administrator and market counterparties and their sub-custodians and other service providers, and we may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer "worms," viruses, power failures and social engineering schemes such as "phishing."

Cybersecurity and information security breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Our operations are highly dependent on each of these systems and the successful operation of such systems is often out of our control. Any such defect, failure or breach could have a material adverse effect on the Funds, us, and our affiliates. For example, systems failures, information security incidents or cybersecurity breaches could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect our ability to accurately monitor the Funds' investment portfolios and risks. Cybersecurity breaches may cause: (i) disruptions and impact business operations, potentially resulting in financial losses to the Funds; (ii) interference with our ability to calculate the value of the Funds' investments; (iii) impediments to trading; (iv) the inability of us and other service providers to transact business; (v) violations of applicable privacy and other laws; (vi) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (vii) the inadvertent release of confidential information. Similar adverse consequences could result from system failures and cybersecurity breaches affecting: (i) issuers of securities in which the Funds invest; (ii) counterparties with which the Funds engage in transactions; (iii) governmental and other regulatory authorities; (iv) exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and (v) other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

*Automated Trading Systems.* We may implement investment strategies through automated trading programs. These automated trading programs execute trades by issuing and canceling electronic orders, all without the direct approval of any person. Although we have implemented software risk management systems, there can be no guarantee that our software systems are error free. Potential flaws in these

software systems include but are not limited to flaws in design, implementation, configuration, communication, testing, compiling, or linking. These potential flaws create a risk that one or more automated trading programs could trade out of control, possibly subjecting the Funds to a material loss of capital. Furthermore, because of the rapid speed of these automated trading programs, such losses could occur in a very short period of time.

Over-the-Counter Transactions. The Reform Act included provisions that comprehensively regulated the over the counter derivatives markets for the first time. Requirements relating to the pricing, execution, clearing and reporting of relevant instruments were introduced as well as new capital and margin rules.

Over-the-counter derivatives dealers are required to register with the Commodity Futures Trading Commission (the “CFTC”) and/or with the SEC in such capacity and are also subject to business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. Additionally, managers of investment funds (including the Funds) which trade swaps are subject to an obligation to register with the CFTC as commodity pool operators and/or commodity trading advisors unless otherwise exempt.

These developments have increased the burden of compliance and the cost of trading for both investment funds and dealers.

Basel III. Another consequence of the global financial crisis was the introduction of a new international capital framework for banks by the Bank for International Settlements. This is known as Basel III (finalized in June 2011 and currently being implemented across different jurisdictions, a process which should be complete by 2027).

This has put in place new rules relating to capital, risk and liquidity which limit the flexibility of the prime brokers and their peers to manage their balance sheets, increasing the cost of trading and the resources required to manage their relationships. This can result in price increases for their clients or in some instances compel them to terminate the relationship.

European Union Regulation. There have been extensive reforms to the regulatory framework for financial services in the European Union (the “EU”) similar to those described above in the U.S. These reforms include, without limitation: (i) The Markets in Financial Instruments Directive, which was subject to a wholesale revision, which came into force on January 3, 2018, and (ii) The European Market Infrastructure Regulation (Regulation (EU) No 648/2012) (amended in May 2019 by Regulation (EU) No 2019/834).

The regulations are designed to incentivize trading on platforms and increase transparency. They contain similar requirements to those in the U.S. relating to the pricing, execution, clearing and reporting of relevant instruments as well as new capital and margin rules.

The EU has also introduced a specific regulation regarding short selling. The EU Short Selling Regulation ((EU) No 236/2012) (the “SSR”) imposes certain private and public disclosure obligations on persons, irrespective of regulatory status, located inside or outside the EU, who have net short positions in EU listed shares and EU sovereign debt, which reach or fall below the specified thresholds. The SSR also contains prohibitions on uncovered short sales of EU listed shares and EU sovereign debt as well as on uncovered positions in credit default swaps referencing EU sovereign debt issuers.



As in the U.S., these developments have increased the burden of compliance and the cost of trading for both investment funds and dealers.

LIBOR. LIBOR is used extensively in the U.S. and globally as a “benchmark” or “reference rate” for a wide variety of financial instruments including interest rate swaps and other derivatives. It is expected that a number of private-sector banks currently reporting information used to set LIBOR will stop doing so after 2021 when their current reporting commitment ends, which could either cause the publication of LIBOR to cease immediately or cause LIBOR’s regulator (as matters stand, the Financial Conduct Authority in London) to determine that its quality has degraded to the degree that it is no longer representative of its underlying market. If this occurs, some of the risks noted above in sections such as “Market Disruptions,” “Derivatives” and “Hedging Transactions” may be magnified.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or our management.

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

##### *CFTC/NFA Registration*

We are registered as a commodity pool operator with the CFTC and a member of the National Futures Association. Johnny Wu is registered with the CFTC as an Associated Person.

##### *Services by Certain Related Persons*

As noted above, Plinth Capital GP LLC serves as the general partner to the Feeder Fund and the Master Fund.

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

##### *Code of Ethics Overview*

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

##### *Personal Trading Policy*

Employees must obtain written consent of our Chief Compliance Officer (the “CCO”) before transacting personally in most securities (including private investments). Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our

policies relating to personal trading generally apply to an employee's spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

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

We make available to qualified prospective investors the opportunity to invest in the Funds. In addition, we or our affiliates are entitled to receive performance-based allocations from one or more Funds.

We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with our written procedures and applicable law.

### **Item 12. Brokerage Practices**

#### *Selection of Brokers*

We have an obligation to seek to obtain "best execution" for the Funds with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of Fund transactions, taking into account various factors. Such factors include but are not limited to: pricing, expertise and abilities to perform execution services, ability to execute transactions in liquid and illiquid markets at competitive prices without disrupting the market for a particular security, range of services provided and products offered (including research and brokerage services), quality and timeliness of market information provided, ability to maintain confidentiality, credit worthiness and financial responsibility.

In selecting brokers to execute transactions (or series of transactions) and determining the reasonableness of the brokers' compensation, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

We have established a Management Committee, which meets on a semi-annual basis to evaluate, among other things, the execution that we are receiving from brokers. In conducting its analysis, the committee may consider the factors listed above, among others, and reviews gifts and entertainment received and any known conflicts of interests (e.g., directing commissions to a broker that a family member is employed).

#### *Research and Other Soft Dollar Benefits*

We do not currently have any formal soft dollar arrangements with brokers. However, we execute transactions on behalf of our clients with brokers that may provide us with access to bundled services, including access to proprietary research reports (such as standard investment research and credit reports) and invitations to attend conferences. To the best of our knowledge, these services are generally made available to all institutional investors doing business with such broker. Further, from time to time, the Funds may enter into bundled commission arrangements, pursuant to which they pay commissions in amounts greater than they might otherwise pay for execution-only services to brokers or dealers who provide such other services. If we engage in soft dollar transactions in the future, we intend to comply with the safe harbor provided by Section 28(e) of the Exchange Act.



During our last fiscal year, we did not acquire any products or services with client brokerage commissions (or markups or markdowns).

#### *Brokerage for Client Referrals*

Subject to applicable law, we may direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

#### *Trade Errors*

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will not reimburse a client account for losses resulting from trade errors except to the extent that such reimbursement is in accordance with the terms of the exculpation provision in such client's governing documents.

#### *Aggregation of Orders*

We will not aggregate trades while the Funds are our only clients, since the Feeder Fund invests through the Master Fund.

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

#### *Review of Accounts*

The Funds' portfolios are reviewed, and their performance analyzed, by our Principal on a continuous basis. In addition, our Principal regularly reviews the Funds' portfolios to determine that the securities held by them remain consistent with their investment strategy, objectives and guidelines.

#### *Reporting*

We furnish investors with unaudited performance updates and unaudited account statements reporting the relevant Fund's net asset value on a monthly basis. In addition, on an annual basis, we provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

Pursuant to "side letter" or other agreements, we may provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notifications of redemptions from the Funds by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

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

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

We do not compensate any third-party marketers for introductions to potential investors or clients.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

**Item 16. Investment Discretion**

We have discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in their offering and governing documents. Under certain circumstances, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by the client. We would negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

When we trade in public securities for client accounts, we will generally have voting discretion over such securities. Clients are generally not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer’s views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. If we deem that the issue being voted upon is not material for us and our clients or we determine that the cost of voting a proxy would exceed the expected benefit to our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18. Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Form ADV Brochure.

**Item 19. Requirements for State-Registered Advisers**

We are not a state-registered adviser.