

**ITEM 1  
COVER PAGE**

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**Part 2A of Form ADV: Firm Brochure**



May 29, 2020

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595 Madison Avenue, 17<sup>th</sup> Floor  
New York, New York 10022  
Telephone: (646) 712-8300

Darrell Crate, Chairman  
Eric Colandrea, Chief Compliance Officer

This brochure (this “Brochure”) provides information about the qualifications and business practices of Easterly Alternatives LP (“Easterly Alternatives”). If you have any questions about the contents of this brochure, please contact Easterly at (646) 712-8300 and/or [ecolandrea@easterlycapital.com](mailto:ecolandrea@easterlycapital.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.

*Easterly Alternatives has filed to register as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

This Brochure is Easterly Alternatives' initial brochure; therefore, there are no material changes to report. In the future, if the Brochure – when amended in conjunction with an annual amendment – contains material changes from the last annual updating amendment, Easterly Alternatives will identify and discuss such changes. Please note that this Brochure has been prepared to reflect the advisory business that Easterly Alternatives will be conducting following the approval of its application for SEC registration.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### *General Description of Advisory Firm*

Easterly Alternatives LP (“Easterly Alternatives”) was formed in April 2020 as a Delaware limited partnership. Levin Easterly is principally owned by Darrell W. Crate.

Easterly Alternatives will manage the assets and investments of investment funds and other investment vehicles (the “Funds”). Easterly Alternatives’ expects the Funds will include U.S. and non-U.S. investment limited partnerships, companies, limited liability companies and other vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). The Funds may invest through a modified “master feeder” structure in which a Fund serving as a “feeder fund” will pursue its investment objective by investing its assets directly or indirectly through various other Funds serving as “master funds”. The securities of the Funds will not be registered or required to be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and will be privately placed to qualified investors in the United States and elsewhere.

Easterly Alternatives will provide discretionary investment advice and/or management services according to the stated investment objectives, restrictions, and policies of each Fund. Easterly Alternatives will enter into a written investment management agreement, limited partnership agreement private placement memoranda and/or the governing documents (collectively, the “Governing Documents”) of with each Fund. Easterly Alternatives will maintain full-power and authority to supervise and make investment decisions on behalf of each Fund.

In connection with providing investment management services for each Fund, Easterly Alternatives will be granted discretionary trading authorization and proxy voting authorization.

*This Brochure generally includes information about Easterly Alternatives and its relationships with its Funds and affiliates. While much of this Brochure applies to all such Funds and affiliates, certain information included herein applies to specific Funds or affiliates only.*

#### *Brief History*

*The descriptions set forth in this Brochure of specific advisory services that Easterly Alternatives will offer to Funds, and investment strategies pursued and investments that will be made by Easterly Alternatives on behalf of its Funds, should not be understood to limit in any way Easterly Alternatives’ investment activities. Easterly Alternatives may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Easterly Alternatives considers appropriate, subject to each Fund’s investment objectives and guidelines. The investment strategies Easterly Alternatives will pursue are speculative and entail substantial risks. Investors in Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.*

Easterly Alternatives’ investment decisions and advice with respect to each Fund will be subject to each Fund’s investment objectives and guidelines, as set forth in the Fund’s Governing Documents.

#### *Management of Fund Assets*

Easterly Alternatives will manage Fund assets on a discretionary basis. As of the date of this Brochure, Easterly Alternatives has no assets under management. Updated information is available from Easterly

Alternatives upon request.

## ITEM 5 FEES AND COMPENSATION

The fees applicable to each Fund will be set forth in detail in each Fund's Governing Documents. A brief summary of such fees is provided below.

### Fund Management and Incentive Fees

The management fee and incentive allocation applicable to each Fund will be set forth in detail in such Fund's Governing Documents, and a brief summary of those fees and allocations are provided below. Please refer to a Fund's Governing Documents, when available, for a more complete description of the applicable fees, reallocations, and series that are offered. Different series of interests may have different fees and/or liquidity terms including "lock-up" structures.

Easterly Alternatives expects to receive a monthly or quarterly management fee equal to up to 2.0% per annum from a Fund. Fees accrue monthly or quarterly in arrears and are payable at the end of each month or quarter. Easterly Alternatives and its affiliates reserve the right to waive or impose different management fees or otherwise modify the management fee arrangements of an existing investor with the consent of such investor.

Easterly Alternatives and its affiliate are generally entitled to, at the end of each fiscal year, up to 20% of the net annual profits of a Fund. Any incentive allocation will only be allocated with respect to the net profits which generally include realized gains and losses and unrealized appreciation and depreciation of securities held in a Fund's portfolio, dividends and interest, less applicable Fund expenses and are generally subject to a "high water mark." Easterly Alternatives and its affiliate reserve the right to waive or impose different incentive allocations or otherwise modify the incentive allocation arrangements of an existing investor with the consent of such investor.

Easterly Alternatives, its affiliates and their employees may invest in a Fund. Easterly Alternatives, its affiliates and their employees, and certain family-related accounts may not incur the management fee nor incentive allocation/fee of a Fund. This is at the discretion of a Fund's General Partner.

A Fund will have the authority to enter into agreements or other similar arrangements (collectively, "Side Letters") with one or more investors that provide such investors with additional and/or different rights from other investors (including access to certain fund information).

### Fund Expenses

Easterly Alternatives' management fee with respect to each Fund will not include (a) brokerage charges, which are paid on a transactional basis by each Fund, (b) dealer mark-ups or mark-downs on securities purchased or sold for an account through third-party dealers, (c) fund expenses that include director fees, administrator fees, auditing and tax preparation fees or other professional expenses, (d) taxes or regulatory fees and (e) custodial and other miscellaneous fees. In addition, if a Fund holds a registered investment company (open-end, closed-end, ETFs or "money market" mutual fund shares) or a publicly traded partnership, the managers of such entities may charge management fees and expenses, which would be in addition to Easterly Alternatives' investment advisory fee.

Each Fund may bear certain of the fees and expenses described above. The expenses borne by a Fund are set forth in the Fund's Governing Documents.

To the extent practicable, Easterly Alternatives seeks to fairly allocate shared research expenses among

the Funds. While Easterly Alternatives will apply methodologies for specific items in a manner that is intended to allocate those items in a fair and reasonable manner, as a general matter, Funds are generally allocated a pro rata portion of any applicable expenses.

However, certain Funds are not and may not be assessed all or a portion of certain research expenses or similar expenses; this can be due to a variety of reasons, including due to regulatory requirements that do not permit Easterly Alternatives to allocate certain research expenses, such as “soft dollars.”

As a result of these arrangements, certain Fund may not bear any research expenses and, accordingly, the remaining Funds bear an increased proportionate share of research expenses.

#### *Additional Compensation and Conflicts of Interest*

Neither Easterly Alternatives nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

Easterly Alternatives is under common control with Easterly Securities LLC, which is a registered as a broker-dealer with the SEC. As detailed further in Item 10 of this Brochure, Darrell Crate is a control person of Easterly Securities LLC and Eric Colandrea is the Chief Compliance Officer of Easterly Securities. While these individuals will be control persons of Easterly Alternatives, none of them will receive transaction-based compensation.

**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Investors in Funds may be charged a management fee only, a management fee and a performance fee, or a performance fee only depending on the Fund. The variation of the incentive compensation structures among Funds may create an incentive for Easterly Alternatives to direct the best investment ideas to, or allocate or sequence trades in favor of, investors in Funds that pay or allocate performance fee compensation to Easterly Alternatives or its affiliates.

To address this conflict, Easterly Alternatives has adopted policies and procedures reasonably designed to comply with its fiduciary obligations by seeking to allocate investment opportunities on a fair and equitable basis. Investment allocation determinations are based on several factors, including but not limited to investment strategy, risk tolerance, investment objective, taxable status, suitability, time horizon and account guidelines and restrictions, if any. Please refer to *Trade Allocation and Aggregation Policies and Procedures* under Item 10 *Brokerage Practices* below.



**ITEM 7**  
**TYPES OF CLIENTS**

As previously noted, Easterly Alternatives will generally provide investment advice to the Funds on a discretionary basis. Investors in Easterly Alternatives' Funds may include corporations, pension plans (both U.S. and foreign), public plans, large institutional accounts, endowments, foundations, high net worth individuals, and trusts and estates.

Easterly Alternatives will generally require a minimum investment size of \$1 million in order to invest in a Fund, although Easterly Alternatives may, in its sole discretion, require a larger amount or accept a smaller amount of initial assets from a potential investor in a Fund.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

*The descriptions set forth in this Brochure of specific advisory services that Easterly Alternatives will offer to Funds, investment strategies it will pursue and investments that will be made by Easterly Alternatives on behalf of its Funds, should not be understood to limit in any way Easterly Alternatives' investment activities. Easterly Alternatives may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Easterly Alternatives considers appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies that Easterly Alternatives will pursue are speculative and entail substantial risks. Investors in Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.*

Select Funds may utilize leverage to take advantage of perceived market opportunities. The use of leverage entails certain risks (including, without limitation, the potential of increased losses and performance volatility) and expenses.

#### **Principal Risks**

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment for a Fund, and the following risk factors may not be applicable to all Funds. An investment in a Fund is speculative and involves a substantial degree of risk, including the risk that an investor could lose some or all of its investment. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable private investment fund's offering documents. These risk factors include only those risks Easterly Alternatives believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Easterly Alternatives and do not purport to be a complete list or explanation of the risks involved in an investment in Funds advised by Easterly Alternatives.*

General Market Risks: No assurance can be given that any investment strategy adopted by a Fund will be successful, that such Fund's investment objective will be realized, or that honest mistakes of judgment will not be made. All financial instruments are inherently subject to market risk and may decline more or less than the market averages in a generally declining market. There can be no assurance that the Easterly Alternatives will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on a Fund's investments. Prices of a Fund's investments may be volatile, and a variety of factors that are inherently difficult to predict, such as economic and political developments, may significantly affect the results of a Fund's activities and the value of such Fund's investments. No guarantee or representation is made that a Fund's investment objective will be achieved.

Equity Securities: The value of equity securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if Easterly Alternatives invests in equity instruments of issuers whose performance diverges from Easterly Alternatives' expectations or if equity markets generally move in a single direction. Funds following an alternative investment strategy may be hedged. A Fund may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. While Funds will primarily invest in equity securities trading in the United States, certain Funds may also invest in foreign traded securities which are perceived to have a greater risk.

SPACs Generally: Certain Funds may invest in securities of special purpose acquisition companies ("SPACs") both through SPAC initial public offerings and in the open market. SPACs are companies

formed to raise capital in an IPO with the purpose of using the proceeds to acquire one or more unspecified businesses or assets to be identified after the IPO through a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination (a “Business Combination”). Because SPACs have broad discretion to select potential Business Combinations (subject to industry, geographic or other limitations, if any), it is not possible for Easterly Alternatives to ascertain all of the merits or risks of investing in a particular SPAC.

SPACs are newly incorporated companies with no operating results. Because SPACs lack operating histories, Easterly Alternatives will have no basis upon which to evaluate a SPAC’s ability to achieve its business objective of completing a Business Combination. Upon a SPAC’s IPO, SPACs typically have no plans, arrangements or understandings with any prospective target business concerning a Business Combination and may be unable to complete a Business Combination. If a SPAC does not complete a Business Combination, then the SPAC securities are generally redeemed at a price less than their IPO price.

There is no guarantee that a SPAC in which a Fund invests will be able to execute a Business Combination with an operating entity. SPACs may encounter intense competition from other entities having similar business objectives, such as venture capital funds, leveraged buy-out funds and other private equity entities, as well as operating businesses competing for acquisitions. Many of the competitors may possess greater resources and expertise that could give them an advantage over a particular SPAC in competing for Business Combination opportunities. If a Fund invests in common stock of a SPAC that is unable to execute a Business Combination, such Fund will receive its share of the proceeds held in trust, subject to reduction if third party claims are made against the SPAC. If a Fund were to acquire certain types of units, such Fund may lose the entire amount of its investment in the units if a Business Combination cannot be affected by such SPAC. If a SPAC completes a Business Combination with a financially unstable company or an entity in its development stage, the SPAC may be affected by the numerous risks inherent in the business operations of those entities.

*Market Risk:* Prices of securities (and stocks in particular) have historically fluctuated. Fund returns and principal value will fluctuate, and the original investment may be worth more or less than the original cost.

*Competition; Availability of Investments:* Certain markets in which Easterly Alternatives may invest on behalf of Funds are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that Easterly Alternatives will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets, and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition for Easterly Alternatives in obtaining suitable investments.

*Investments in Undervalued Securities:* Easterly Alternatives may invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities may offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Easterly Alternatives may make certain speculative investments in securities which are believed to be undervalued; *however*, there are no assurances that the securities purchased will, in fact, be undervalued. In addition, a Fund may be required to hold such securities for a substantial time period before realizing their anticipated value providing such value is ever realized. During this period, a portion of a Fund’s

assets would be committed to the securities purchased, thus possibly preventing such Fund from investing in other opportunities. In addition, a Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such holding period.

*Style Risk:* Easterly Alternatives will identify opportunities in various securities/companies sectors that appear to be temporarily depressed or in Easterly Alternatives' opinion may be undervalued. The prices of securities with these types of characteristics may tend to go down more than others in their sector. Easterly Alternatives will utilize a disciplined and deliberate investing approach, and there may be times when Funds have a significant cash position. A substantial cash position can adversely impact a Fund's performance in certain market conditions and may make it more difficult for a Fund to achieve its investment objective, subject to a Fund's Governing Documents guidelines and restrictions.

*Focus and Non-Diversification Risk:* Certain Fund's portfolios may be non-diversified and follow a more concentrated investment strategy. This means that a Fund may have investments in fewer issuers, can be more volatile, and may increase or decrease in value and realize greater potential gains and losses than that of a more diversified Fund of comparable size.

*Concentration of Investments:* Some Funds will not have fixed quantitative guidelines for diversification and may for any given time period be concentrated in particular positions. As a consequence, such Fund's returns as a whole may be adversely affected by the unfavorable performance of even a single investment or strategy by a portfolio.

*Interest Rate Risk:* In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter-term obligations. While bonds and other debt securities normally fluctuate less in price than common stocks, there have been extended periods of increases in interest rates that have caused significant declines in bond prices.

*Credit Risk:* The issuers of the bonds and other debt securities held in Funds may not be able to make interest or principal payments. Even if these issuers are able to make interest or principal payments, they may suffer adverse changes in financial condition that would lower the credit quality of the security, leading to greater volatility in the price of the security.

*Investment and Trading Risks in General:* Investors in Funds should be aware that they may lose all or part of their investment. No guarantee or representation is made an investment program will be successful. An investment program may utilize such investment techniques as concentrating its portfolios in the securities of particular companies or industries or limited diversification, which practices can, in certain circumstances, maximize the impact of adverse market moves to which such a Fund may be subject.

*Systemic Risk:* Credit risk may also arise through 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 may interact on a frequent basis.

In addition, certain Funds that follow an alternative investment strategy may be subject to these additional risks:

*Investment and Trading Risks in General:* In addition to risks disclosed above, investors in Funds should be aware that an alternative investment strategy may utilize investment techniques such as engaging in short sales, option transactions, swap or contracts for differences or margin transactions, which practices

can also, in certain circumstances, maximize the impact of adverse market moves to which such a Fund may be subject.

*Use of Leverage:* While leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment of a Fund would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to such Fund's investments could result in a substantial loss to such Fund which would be greater than if such account was not leveraged.

In general, a Fund's anticipated use of short-term margin borrowings results in certain additional risks to the Fund and its investors. For example, should the securities pledged to brokers to secure a Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of such Fund's assets, such Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

*Trading is Leveraged:* The banks and broker-dealers that provide financing to a Fund can apply essentially discretionary margin, haircut, financing, and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, money borrowed by a Fund will be subject to interest costs, which will be an expense of such Fund, and, to the extent not covered by income attributable to the investments acquired, will adversely affect the operating results of such Fund. Irrespective of the risk control objectives of a Fund, the use of leverage necessarily entails some degree of risk.

*Currency:* A Fund may invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. Each Fund will, however, value its securities and other assets in U.S. dollars. To the extent unhedged, the value of a Fund's assets will fluctuate with U.S. dollar exchange rates as well as the price changes of such Fund account's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Fund makes its investments will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of such Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on such Fund's non-U.S. dollar securities.

*Foreign Securities/Non-U.S. Investments:* The success of a Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's investments. Volatility or illiquidity could impair such Fund's profitability or result in losses.

The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of the gross domestic product, the rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, and imposition of withholding or other taxes on dividends, interest, gains, gross sale or disposition proceeds or other income, limitations on the removal of funds or other assets of a Fund, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks are expected to change independently of each other.

*Derivative Instruments:* Certain Fund may invest in swaps, options and other derivative instruments that may be subject to various types of risks, including market risk, credit risk, liquidity risk, legal risk and operations risk. A Fund's use of derivatives could reduce returns, may not be liquid, and may not correlate precisely to the underlying securities or index. Derivative securities are subject to market risk, which could be significant for those derivatives that have a leveraging effect that could increase the volatility of a Fund. Derivatives are also subject to the risk of material and prolonged deviations between the theoretical and realizable value of a derivative (e.g., due to non-conformance to anticipated or historical correlation patterns). Derivatives are also subject to credit risks related to the counterparty's ability to perform, and any deterioration in the counterparty's creditworthiness could adversely affect the instrument. A risk of using derivatives for hedging purposes is that Easterly Alternatives might imperfectly judge the market's direction, which could render a hedging strategy ineffective or have an adverse effect on the value of the derivative. Furthermore, many derivatives, particularly those that are not traded in transparent markets, may be subject to significant price risk. Prices in these markets are privately negotiated and there is a risk that the negotiated price may deviate materially from fair value. This deviation may be particularly acute where there is no active market available from which to derive benchmark prices. The price of a given derivative may demonstrate material differences over time between its theoretical value and the value that may actually be realized by a Fund (e.g., due to non-conformance to anticipated or historical correlation patterns). Many over-the-counter derivatives are priced by the dealer; however, the price at which a dealer values a particular derivative may not comport with the price at which a Fund seeks to buy or sell the position. In many instances, a Fund will have little ability to contest the dealer's valuation. Derivatives, particularly to the extent they are transacted on an over-the-counter or bilateral basis or are highly customized, may also be highly illiquid, making it difficult, or in some cases impossible, for a Fund to exit a position at what Easterly Alternatives considers a reasonable price.

***The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund. Easterly Alternatives encourages its investors and prospective investors to consider all risk factors Easterly Alternatives has explained in this Brochure.***

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of Easterly Alternatives' advisory business or the integrity of Easterly Alternatives' expected management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

*Investment Adviser Affiliation*

Levin Easterly Partners LLC (“Levin Easterly”) is an affiliate of Easterly Advisers, and is an SEC registered investment adviser. Darrell Crate is a control person of Levin Easterly and Eric Colandrea is the General Counsel and Chief Compliance Officer of Levin Easterly.

*Broker-Dealer Affiliation*

Easterly Securities LLC (“Easterly Securities”) is an affiliate of Easterly Alternatives, and is an SEC and Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer, and Darrell Crate is a control person of Easterly Securities. Eric Colandrea is the Chief Compliance Officer of Easterly Securities.

Easterly Alternatives will not engage Easterly Securities to act as the broker-dealer in connection with Easterly Alternatives’ advisory services to the Funds, and no Fund transactions will be traded by or cleared through Easterly Securities.

*Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.*

Easterly Alternatives and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the preceding entities. Easterly Alternatives will continue to monitor regulatory developments, and if its business operations require or no other regulatory exemptions are available, Easterly Alternatives will register with the CFTC.



**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST**  
**IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

*Investment Activities of Easterly Alternatives and its Personnel*

Easterly Alternatives, its member, and employees may from time to time make personal investments in securities or instruments in which Easterly Alternatives may also invest the Fund's assets. Subject to Easterly Alternatives' Code of Ethics, its personnel may buy, sell, or hold securities or other instruments for its own or their own accounts while entering into different investment decisions for one or more Funds. It is expected that, if such investments are made, the size and nature of these investments will change over time. Neither Easterly Alternatives nor its personnel are required to keep any minimum investment in any of the Funds.

*Code of Ethics and Statement on Personal Trading*

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Easterly Alternatives, its affiliates, and personnel (each, including Easterly Alternatives and Levin Easterly, an "Advisory Affiliate"). Easterly Alternatives has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds. The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to the advice given or action taken by the Funds. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds.

Easterly Alternatives strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, Easterly Alternatives has adopted a Statement on Personal Trading and a Code of Ethics (collectively, the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of its investors first and all personal securities transactions must be conducted in a manner consistent with the Code. Easterly Alternatives seeks to identify and mitigate any conflicts of interest, and employees are strictly prohibited from abusing their position of trust and confidence. Employees must not take any inappropriate advantage of their positions, and information concerning the identity of securities and financial circumstances of a Fund must be kept confidential (unless otherwise permitted); and independence in the investment decision making process must be maintained at all times.

*Investors in a Fund may request a copy of the Code by contacting Easterly Alternatives LP, Attn: Compliance Department, 595 Madison Avenue, 17<sup>th</sup> Floor, New York, NY 10022.*

Easterly Alternatives also maintains insider trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Easterly Alternatives' employees are required to certify their compliance with the Code and the Insider Trading Policies, on a periodic basis.

Easterly Alternatives has established policies and procedures to monitor and resolve conflicts concerning investment opportunities in a manner it deems fair and equitable, including the restrictions placed on

personal trading in the Code, as described above.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for Funds. From time to time, Easterly Alternatives may acquire securities or other financial instruments of an issuer for a Fund that are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired for, another Fund (*e.g.*, one Fund may acquire senior debt while another Fund may acquire subordinated debt). Easterly Alternatives recognizes that conflicts may arise under such circumstances and has adopted policies and procedures reasonably designed to identify and mitigate such conflicts.

#### *Cross Trades and Principal Transactions*

Easterly Alternatives and its personnel will not purchase or sell any securities for their own accounts to or from Funds. However, under unusual circumstances, Easterly Alternatives may determine that it is in the best interest of the Funds to effect securities trades through crosses and/or internal crosses between or among the Funds, subject to each Fund's investment guidelines and restrictions. This could occur, for example, in connection with a rebalancing transaction. In such cases, one Fund will purchase securities held by another Fund. If Easterly Alternatives decides to engage in a cross trade, Easterly Alternatives will determine that the trade is in the best interests of each Fund involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds.

Easterly Alternatives will not execute cross trades.

## **ITEM 12**

### **BROKERAGE PRACTICES**

As noted previously, Easterly Alternatives will have full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold without prior consultation with the Funds' investors, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Easterly Alternatives' authority will be limited by its own internal policies and procedures and each Fund's investment management agreement/guidelines.

Portfolio transactions for each Fund will be allocated to non-affiliated brokers-dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to Easterly Alternatives and/or certain Funds, but not beneficial to all Funds. In selecting an appropriate broker-dealer to effect a Fund's trades, Easterly Alternatives will seek to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to Easterly Alternatives, brokerage and research services provided to Easterly Alternatives (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance and settlement, and potentially custodial services.

Accordingly, the commission rates (or dealer markups and markdowns) charged to Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. Easterly Alternatives does not deem it practicable and in the best interest of its Funds to solicit competitive bids or commission rates on each transaction. However, consideration will be given regularly to information concerning the prevailing level of commissions charged on comparable transactions by other qualified brokers and dealers. Generally, Easterly Alternatives will not separately compensate any broker or dealer for any of these other services.

If Easterly Alternatives decides, based on the factors set forth above, to execute OTC transactions on an agency basis through Electronic Communications Networks ("ECNs") or "Dark Pools," it will also consider the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs and the level of care and attention that will be given to smaller orders. Easterly Alternatives maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Easterly Alternatives will not submit or execute any Fund related portfolio transaction with Easterly Securities, its affiliated broker-dealer, as Easterly Securities is not a clearing broker-dealer. Easterly Alternatives does not believe this will impact its ability to achieve best execution for portfolio related transactions.

#### *Soft Dollar Usage and Commission Sharing Arrangements*

From time to time, Funds may incur broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) when Easterly Alternatives effects security transactions for the Funds in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Easterly Alternatives will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and subject to prevailing guidance provided by the SEC regarding Section 28(e) of the Exchange Act. Easterly Alternatives believes it is important to its

investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to Easterly Alternatives by or through broker-dealers.

Also, consistent with Section 28(e) of the Exchange Act, research products or services obtained with “soft dollars” or commission sharing arrangements (herein used interchangeably) generated by one or more Funds may be used by Easterly Alternatives to service one or more other Funds, including Funds that may not have paid for the soft dollar benefits. Easterly Alternatives will not seek to allocate soft dollar benefits to Fund accounts in proportion to the soft dollar credits the Fund accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Easterly Alternatives (*e.g.*, a “mixed use” item), Easterly Alternatives will make a good faith allocation of the cost that may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Easterly Alternatives’ allocation of the costs of such benefits and services between those that primarily benefit Easterly Alternatives and those that primarily benefit the Funds.

When Easterly Alternatives uses Fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, Easterly Alternatives will receive a benefit because it does not have to produce or pay for such products or services. Easterly Alternatives may have an incentive to select or recommend a broker-dealer based on Easterly Alternatives’ interest in receiving research or other products or services, rather than on its Fund’s interest in receiving most favorable execution.

Easterly Alternatives or its related persons may acquire the following types of products and services with Fund brokerage commissions (or markups or markdowns): information on the economy, industries, groups of securities, legal developments affecting portfolio securities, political developments or individual companies; statistical information; accounting, regulatory and tax law interpretations; pricing services; credit analysis risk measurement analysis; performance analysis; and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer hardware and software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives. In some cases, research services will be generated by third parties but are provided to Easterly Alternatives by or through broker-dealers.

At least annually, Easterly Alternatives will consider the amount and nature of the research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Fund on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level because total brokerage is allocated on the basis of all of the considerations described above. In no case will Easterly Alternatives make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer,

nor will it commit to paying cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

### **Trade Allocation and Aggregation Policies and Procedures**

#### **Trade Allocation Policies and Procedures**

Easterly Alternatives may give advice or take action with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives, and strategies. Accordingly, Funds with similar strategies may not hold the same securities or instruments or achieve the same performance. Easterly Alternatives also may advise Funds with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Finally, Easterly Alternatives and its personnel may have conflicts in allocating their time and services among the Funds. Easterly Alternatives will devote as much time to each Fund as Easterly Alternatives deems appropriate to perform its duties in accordance with its management agreements.

Certain Funds may have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of Easterly Alternatives to allocate investment opportunities for the Funds fairly and equitably, to the extent possible, over a period of time. Easterly Alternatives, however, will have no obligation to purchase, sell or exchange any security or financial instrument for a Fund that Easterly Alternatives may purchase, sell or exchange for another Fund if Easterly Alternatives believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Fund.

Easterly Alternatives generally will make investment decisions among Funds depending on the particular investment strategy pursued by each Fund. Allocations among Funds within a particular strategy are then made generally on a pro rata basis in proportion to the relative value of each Fund's eligible net assets, or on a pro rata basis in proportion to the actual position size held by each Fund. However, Easterly Alternatives may take into consideration a number of additional factors, including, among others, the nature and size of the proportion of a securities issue likely to be available to Easterly Alternatives or the nature and size of the proposed transaction; the investment objectives and/or investment strategy, tax consequences (if applicable), risk tolerances, time horizons and restrictions and guidelines of the Funds; the eligibility to invest in initial public offerings; the relative size and cash availability of the applicable strategy within a Fund; in limited circumstances, the ability to borrow and the cost of borrowed funds; legal restrictions, including those that may arise in foreign jurisdictions; the liquidity of the investment relative to the need of each Fund; the degree of specialization of a Fund relative to the investment offered; the relative historical participation of a Fund in the investment; the difficulty of liquidating an investment for more than one Fund; the possibility that an allocation may result in a small or odd lot; Fund's with a substantial amount of investable cash; and other factors that may be considered relevant.

Easterly Alternatives may combine purchase or sale orders with orders for other Funds and allocate the securities or other assets so purchased or sold, on an average price basis, among such accounts. Easterly Alternatives may enter into arrangements with broker-dealers to open such "average price" accounts wherein orders placed during a trading day are placed on behalf of the Funds and are allocated among such accounts using an average price.

#### **Aggregation Policies and Procedures**

If Easterly Alternatives determines that the purchase or sale of the same security is in the best interest of more than one Fund (including Funds in which Easterly Alternatives personnel have a direct or indirect

ownership interest), Easterly Alternatives may, but will not be obligated to, aggregate orders to reduce transaction costs to the extent permitted by applicable law.

When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund generally will receive the average price with transaction costs allocated pro rata based on the size of each Fund's participation in the order (or allocation in the event of a partial fill) as determined by Easterly Alternatives. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on the basis that Easterly Alternatives deems to be appropriate, including, for example, in order to avoid odd lot positions, *de minimis* allocations, or accounts subject to minimum ticket charges, Easterly Alternatives may use a random allocation. Smaller Fund(s) or accounts with small portfolio positions may or may not participate with other accounts where Easterly Alternatives deems the transactional costs prohibitive. This may result in either higher or lower portfolio returns than other Funds with similar investment objectives.

When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Easterly Alternatives. As a result, certain trades in the same security for one Fund (including a Fund in which Easterly Alternatives and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Fund, and orders placed later may not be filled entirely or at all, based on the prevailing market prices at the time of the order or trade. The use of derivative instruments for certain Funds may result in different effective net price(s) from other accounts.

In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

#### Trade Errors

Easterly Alternatives may on occasion experience errors with respect to trades executed on behalf of its Funds. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, or for the wrong account, or the wrong quantity is purchased or sold (*e.g.*, 1,000 shares instead of 10,000 shares are traded). Trade errors may result in losses or gains. Easterly Alternatives will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by counterparty, such as by a broker-dealer, Easterly Alternatives will strive to recover any losses associated with such error from the counterparty but is not responsible for such error. To the extent that Easterly Alternatives determines that it is responsible for a trade error, Easterly Alternatives intends to bear the loss caused by such trade errors, but may on a case-by-case basis and subject to Fund disclosure and consent not to credit the Fund for gains resulting from a trade error. Easterly Alternatives may not be responsible for errors that arise in the investment management process, including those that do not result in transactions in a Fund (such as transactions that result in loss of an investment opportunity) and clerical mistakes not resulting in transactions in Funds.

### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Easterly Alternatives will perform various daily, weekly, monthly, quarterly and other periodic reviews of each Fund's portfolio. Such reviews will be conducted by the members of Easterly Alternatives' management committee, portfolio managers, research associates and senior operations staff. A review of a Fund's portfolio may be triggered by any unusual activity or various other circumstances.

Easterly Alternatives may provide certain investors with information on a more frequent and detailed basis if agreed to by Easterly Alternatives. Each beneficial owner and interested parties upon the investor's authorization with respect to its interests in a Fund typically receive a quarterly commentary letter from Easterly Alternatives, as well as monthly or quarterly account statements directly from their respective broker-dealer or custodian.

In addition, Easterly Alternatives' personnel may participate in periodic portfolio reviews with investors at Easterly Alternatives' discretion, which will be attended by the appropriate members of Easterly Alternatives' investment staff.

## **ITEM 14**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Easterly Alternatives and its affiliates may from time to time utilize third-party placement agents that receive compensation, which may be borne by Easterly Alternatives, including through sharing a portion of the fees and allocations (set forth in Item 5 above), for referring investors to Easterly Alternatives. Easterly Alternatives may enter into various arrangements pursuant to which unaffiliated third parties may be compensated for referring investors to Easterly Alternatives. Compensation is typically a percentage of Easterly Alternatives' advisory fees (including incentive allocation/fees, if any) received from the referred investor. Easterly Alternatives may engage Easterly Securities to solicit and market Easterly Alternatives investment strategies and products to potential investors. Easterly Securities will receive fees from Easterly Alternatives for investor referrals who become Easterly Alternatives clients. Investors do not bear the placement fees charged for investor introductions or referrals.

In addition, Easterly Alternatives may from time to time maintain incentive compensation arrangements with certain of its employees in connection with referrals of investors, which may be deemed to constitute indirect compensation in this regard. All such referrals shall conform to Rule 206(4)-3 under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act").



## **ITEM 15**

### **CUSTODY**

Easterly Alternatives may be deemed to have custody, as defined in Rule 206(4)-2 under the Advisers Act, of funds or securities of a Fund. Easterly Alternatives will rely on the “audit exemption” under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle.

**ITEM 16**  
**INVESTMENT DISCRETION**

The Governing Documents of the Funds will provide Easterly Alternatives with discretion (and set forth limitations, if any on such discretion) to determine investments to be purchased and sold and the terms of those transactions. Easterly Alternatives will have the ability to determine the amount of securities to be purchased or sold, broker or dealer to be used

Easterly Alternatives' investment decisions and advice with respect to each Fund will be subject to each Fund's investment objectives and guidelines, as set forth in each Fund's Governing Documents.

Easterly Alternatives or an affiliate of Easterly Alternatives will enter into an investment management agreement, or similar agreement, with each Fund, pursuant to which Easterly Alternatives or Easterly Alternatives affiliated entity, will be granted discretionary trading authority.

## ITEM 17

### VOTING CLIENT SECURITIES

Easterly Alternatives will vote proxies on the Funds' behalf. The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over a client's securities to implement proxy voting policies. In compliance with such rules, Easterly Alternatives will adopt proxy voting policies and procedures (the "Policies"). The general policy will be to vote proxy proposals, amendments, consents or resolutions relating to each Fund's securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of each such Fund, as determined by Easterly Alternatives in its discretion. Easterly Alternatives believes this will alleviate potential conflicts of interests that may exist between Easterly Alternatives and the Funds with respect to proxy voting.

Easterly Alternatives policy is to generally vote in accordance with the recommendations of a proxy voting service provider (the "Proxy Service Provider"), which is an unaffiliated, third party proxy voting advisory firm that specializes in providing proxy voting services to institutional investment managers. Easterly Alternatives will not, however, follow the Proxy Service Provider's recommendation in all instances. Easterly Alternatives retains the discretion in certain instances to vote contrary to the Proxy Service Provider's recommendation or abstain from voting if Easterly Alternatives, through its Proxy Committee determines that the vote or abstention to vote is consistent with the investment thesis or otherwise in the Fund's interests. Easterly Alternatives will semi-annually review its voting practices, including when the Proxy Committee votes contrary to the Proxy Service Provider's recommendation or abstains from voting.

Potential conflicts of interest may arise due to a variety of reasons that could affect how Easterly Alternatives votes proxies. The Proxy Committee attempts to minimize material conflicts of interest by utilizing recommendations from the Proxy Service Provider. In instances where a portfolio manager decides to vote contrary to the Proxy Service Provider's recommendation or abstain from voting, Easterly Alternatives will review the vote for any potential conflicts of interest. Upon request of a client, Easterly Alternatives will provide a copy of its proxy voting policies and procedures and provide information regarding how proxies have been voted. *Easterly Alternatives shall maintain required records relating to votes cast, client requests for information and Easterly Alternatives' proxy voting policies and procedures in accordance with applicable law.*

*A copy of Easterly Alternatives voting policies and the proxy voting records relating to a Fund may be obtained by a client by contacting Easterly Alternatives at 595 Madison Avenue, 17<sup>th</sup> Floor, New York, NY 10022 or by calling Easterly Alternatives at (646) 712-8300.*

**ITEM 18**  
**FINANCIAL INFORMATION**

Easterly Alternatives is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds, and has not been the subject of a bankruptcy petition at any time since inception.