

## **Part 2A of Form ADV**

### **Firm Brochure**

February 18, 2021

#### **Castle Ridge Asset Management Limited**

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This brochure provides information about the qualifications and business practices of Castle Ridge Asset Management Limited (the “Adviser” or “Castle Ridge”). If you have any questions about the contents of this brochure, please contact us at (416) 701-9737 or [mpetruzella@castleridgemgt.com](mailto:mpetruzella@castleridgemgt.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

**Item 2.      Material Changes**

This is the Adviser's initial filing of the Form ADV Part 2A, and as such, there are no material changes to report. In the future, this Item will provide a summary of material changes that were made to the brochure.

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in Toronto, Ontario, Canada. The Adviser commenced operations as an investment adviser on January 17, 2017. Aaron Jacques Adriaan De Valois-Franklin, Michael Petruzella, Alexei Bogdan, and Joshua Rosenthal Revocable Trust are the principal owners of the Adviser.

The Adviser will provide investment advisory services on a discretionary basis to Funds sponsored by the Adviser or its affiliates ("Castle Ridge Funds") and Funds managed by third-party investment advisers ("Sub-Advised Funds," and together with the Castle Ridge Funds, the "Funds"), and a Canadian listed exchange traded fund sponsored by a third party (the "ETF," and together with the Funds, the "Clients").

The Adviser will provide advice to Clients based on each Client's specific investment objectives and strategies. The Adviser does not tailor advisory services to the individual needs of investors in the Funds or the ETF.

As of January 31, 2021, the Adviser had approximately \$80,500,000 of regulatory assets under management, all of which was managed on a discretionary basis.

#### **Item 5. Fees and Compensation**

##### Castle Ridge Funds

*Asset-Based and Performance-Based Compensation.* The fee schedules for the Castle Ridge Funds are described in detail in each Fund's offering memorandum and other governing documents (collectively "Fund Documents").

As a general matter, the Castle Ridge Funds will pay the Adviser an asset-based investment management fee ("Management Fee") monthly in arrears based on the value of the net assets of each Fund managed by the Adviser on the last day of each month. With respect to the certain Castle Ridge Funds, the Adviser may elect to reduce or waive the Management Fee with respect to any principal, employee or affiliate of the Adviser. As a general matter, an affiliate of the Adviser (the "General Partner") will be entitled to receive from the Castle Ridge Funds annual performance-based compensation, which is compensation that is based on a share of net capital appreciation of the assets of the fund (the "Incentive Compensation"). The Incentive Compensation from the Castle Ridge Funds will be subject to a loss carryforward provision. The General Partner may, in its sole discretion, elect to waive some or all of the Incentive Compensation with respect to any principal, employee or affiliate of the Adviser.

*Expenses.* Subject to the provisions of the Fund Documents, the Castle Ridge Funds generally are responsible for, and the Adviser shall be entitled to reimbursement from the Castle Ridge Funds for, all costs and operating expenses actually incurred by them in connection with the organization of the Castle Ridge Funds, the costs of offering the units and shares, including, without limitation, the fees and expenses of counsel, tax reporting and compliance, and the Castle Ridge Fund's auditors, and the ongoing activities of the Castle Ridge Funds, including but not limited to: administrative fees and expenses of the Castle Ridge Funds, which include fees and expenses associated with the calculation of the net asset value of units and shares, auditing, accounting and legal costs, insurance premiums (including, without limitation, liability insurance premiums with respect to the Adviser, the General Partner and the directors of the funds), custodial fees, third-party administrator fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, investor communication expenses, the cost of maintaining the Castle Ridge Fund's existence, regulatory and filing fees and expenses, and all reasonable extraordinary or non-recurring expenses; and fees and expenses relating to the Castle Ridge Fund's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees, data mining, research related expenses such as beta testing

new investment strategies, investment and trading consultant expenses; research, pricing and quotation fees and expenses; portfolio management expenses; expenses in connection with proposed transactions (including transactions that fail to close); and any other reasonable expenses (as determined by the general partner or the directors of the fund, as applicable, in their sole discretion) related to the purchase, sale, holding or transmittal of assets or liabilities, and software expenses relating to the management of the investments of the Castle Ridge Funds.

#### Sub-Advised Funds

*Asset-Based and Performance-Based Compensation.* As a general matter, the Adviser will be paid an asset-based management fee and be entitled to receive Incentive Compensation from the Sub-Advised Funds pursuant to the Adviser's investment management agreement with the Sub-Advised Fund or the investment manager of the Sub-Advised Fund.

*Expenses.* In addition to paying the asset-based investment management fees and Incentive Compensation described in the investment management agreement with the Sub-Advised Funds or the investment manager of the Sub-Advised Fund, the Sub-Advised Funds will also be subject to expenses as set forth in the offering documents of the Sub-Advised Funds.

#### ETF

*Asset-Based.* The Adviser will be paid an asset-based management fee by the ETF pursuant to the Adviser's investment management agreement with the ETF.

*Expenses.* In addition to paying the asset-based investment management fee described in the investment management agreement with the ETF, the ETF will also be subject to expenses as set forth in the offering documents of the ETF.

The allocation of expenses by the Adviser between it and a Client and among Clients represents a conflict of interest for the Adviser. The Adviser will adopt an expense allocation policy that is designed to address this conflict. The Adviser will allocate expenses to each Client in accordance with the Client's governing documents. The Adviser will seek to allocate any shared expenses for products and services benefitting multiple Clients or both the Adviser and a Client, and not covered in the Client's governing documents, in a fair and reasonable manner.

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

The Adviser and its investment personnel will provide investment management services to multiple Clients. The Adviser (or an affiliate of the Adviser) will be entitled to be paid performance-based compensation by certain Clients. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, certain Client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other Client accounts or have asset-based fees or performance-based compensation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel will have a greater incentive to favor Client accounts that pay the Adviser (and indirectly its investment personnel) higher fees, performance-based compensation, or compensation that is paid at different times or over different time intervals.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of

ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is monitored to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures require that, to the extent orders are aggregated, the Client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

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

The Adviser's clients consist of the Castle Ridge Funds, the Sub-Advised Funds and the ETF.

Any initial and additional subscription minimums with respect to the Clients are disclosed in the offering documents for the Client.

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

### ***A. Methods of Analysis and Investment Strategies.***

#### **Investment Objective and Strategy**

The investment objective and strategy of the Adviser on behalf of the Clients is to seek superior risk-adjusted absolute returns, with a focus on long and short positions in publicly traded equity, throughout various market cycles and periods of market volatility. The Adviser will invest globally across various industries and sectors, with a focus on technology and adjacent sectors (including, without limitation, industrials, media, telecommunications and consumer-related investments). While the Adviser will focus the Clients' investment programs on long and short positions in publicly traded equity, the Adviser may invest in other equity-related securities (including options, futures, swaps and other derivatives) if the Adviser, in its sole discretion, views such investments as more favorable instruments to express the Adviser's investment thesis.

### ***B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies***

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. Investors and potential investors in a Fund or the ETF should refer to the offering documents for the Fund or the ETF for a further discussion of the applicable risks.

*Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's portfolio and the value of its investments. In addition, the value of the Adviser's portfolio may fluctuate as the general level of interest rates fluctuates.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

*International Investing.* Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) potential lack of uniform accounting, auditing and financial reporting standards; (iii) varying levels of governmental regulation and supervision; and (iv) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. The transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, may be higher than those involved in U.S. transactions. Furthermore, many non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are historically less liquid and their prices historically more volatile than securities of comparable U.S. companies. The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. The Adviser may attempt to minimize exposure to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Lack of Diversification.* Clients will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, Client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments, geographic areas or sectors.

*Leverage.* Performance may be more volatile if a Client's account employs leverage.

*Limits on Trading Activities.* In some situations, purchases or sales of securities for one Client may cause certain trading limitations to apply to another Client. Such trading limitations may be the result of regulatory restrictions. For example, under federal securities laws, a short sale of a security by one Client within five business days prior to a public offering of the same securities (the timing of which is generally not known to the Adviser in advance) may prohibit another Client from participating in the public offering, which could cause the Client to miss an otherwise favorable investment opportunity or to pay a higher price for the securities in the secondary markets. Similarly, in the event that the Adviser causes one of its Clients to purchase equity securities offered via private placement, the Adviser's other Clients may be restricted from trading in related publicly traded securities

*Relative Value Risk.* In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, Clients may incur a loss.

*Short Selling Risk.* The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be

compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

***Quantitative Strategies Risk.*** The Adviser's investment program makes considerable use of computer programs and involves highly complex mathematical calculations. The Adviser directs the purchase or sale of investments in accordance with computer-generated trades. Although the Adviser intends to carry out such computer-generated calculations correctly, there can be no assurance that it will successfully be able to do so, nor does the use of a computer in collating information and operating a trading method assure the success of any such method. Errors, including but not limited to, inaccuracies in or corruption of data underlying trading algorithms, may occur with such complex calculations and computer programs which may be difficult to detect, and could have a material adverse effect on Client profits. The magnitude of the effect of such errors may be exacerbated when the program results in a significant number of trades being executed over a short period of time. Furthermore, highly successful strategies and programs may become outdated over time, even before the Adviser is able to recognize the shift and prevent substantial loss.

Although the Adviser rarely intervenes in the computer-generated trading, there may be times when human beings must alter, correct or update the data, models, or calculations used. The complexity of the programs used may make it more difficult for the Adviser to detect any source of failure or error in such programs before material losses occur.

***C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks***

***Commodity Futures and Options.*** Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

***Derivatives.*** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges, and will expose the Client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

***Emerging Markets.*** There are greater risks associated with investments in securities of issuers located in less developed countries than investments in securities of issuers located in the U.S. and other developed markets. Political risk for many developing countries is a significant factor. During certain social and political circumstances, governments may be involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls. In comparison to more developed markets, trading volumes in emerging markets may be lower, which can result in a lack of liquidity and greater price volatility.



*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Exchange Traded Funds ("ETFs").* ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of various sources of tracking error, including their expenses and a number of other factors.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as asset-backed securities, residential mortgage backed securities, commercial mortgage backed securities, investment grade corporate bonds, non-investment grade corporate bonds, loans, sovereign bonds and U.S. government debt securities and financial instruments that reference the price or interest rate associated with these fixed income securities subject a Client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. The Adviser may also invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Most fixed income instruments trade in over-the-counter transactions and lack the benefit of transparent exchange pricing. Bid and asks for these instruments are generally wider than equity securities, and trading is less frequent. These factors may cause distortions and/or volatility in the prices of fixed income-related instruments. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Forward Contracts.* The Adviser may engage in the trading of forward contracts, which are not traded on any exchange. Forward contracts are therefore not guaranteed by any exchange or clearinghouse and are subject to the creditworthiness of the counterparty of the trade. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread. The Adviser may trade forward contracts with only one or a few counterparties, which may create more liquidity problems than if such arrangements were made with numerous counterparties. The risk of market illiquidity or disruption could result in major losses.

*Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire,

drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*REITs.* REITs in which the Adviser invests Clients are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

*Risk Arbitrage Securities.* A merger, other restructuring, tender, or exchange offer proposed at the time the Adviser invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

*Security Futures and Options.* In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the Client's account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

*Digital Assets.* The Adviser may invest in cryptocurrencies as well as digital tokens, coins or similar assets that are issued in respect of certain blockchain initiatives (collectively, "Digital Assets"). Ongoing and future regulatory actions by U.S. and foreign jurisdictions may have a materially adverse effect on the value of Digital Assets. For example, future regulatory actions or policies may limit the ability to exchange Digital Assets or utilize them for payments. Many Digital Assets operate using a "private key," which are a randomized set of numbers and/or letters that are similar to a password. The loss of a private key would lead to a complete loss of access to the corresponding Digital Assets. Digital Assets are an appealing target to hackers or malware distributors seeking to destroy, damage or steal Digital Assets. Digital Assets held in accounts at Digital Asset exchanges are not deposit accounts and these accounts are not insured by the Federal Deposit Insurance Corporation.

### **Additional Risks Relating to the Adviser**

*Cybersecurity Risk.* The information and technology systems of the Adviser and of key service providers to the Adviser and its Clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its Clients and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Risk Management Failures.* Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of Clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to Clients.

*Systems and Operational Risk.* The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the Clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, Clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

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

This Item is not applicable.

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

While the Clients may trade commodity interests, the Adviser (and its affiliates) are exempt from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

Each of the Castle Ridge Funds may enter into agreements, or "side letters," with certain prospective or existing Castle Ridge Fund investors whereby such investors including such persons that may be affiliated with the Adviser or its related persons may be subject to terms and conditions that are more advantageous than those set forth in the Fund Documents for the Castle Ridge Fund. For example, such terms and conditions may provide for special rights to make future investments in a Castle Ridge Fund. The modifications are solely at the discretion of the Castle Ridge Fund and may, among other things, be based

on the size of the investor's investment in the Castle Ridge Fund, an agreement by an investor to maintain such investment in the Castle Ridge Fund for a significant period of time, or other similar commitment by an investor to the Castle Ridge Fund.

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

**Code of Ethics.** The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser to put the interests of the Adviser's Clients before its own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a copy of the Code by contacting the Adviser's chief compliance officer (the "CCO") by email at [mpetruzella@castleridgemgt.com](mailto:mpetruzella@castleridgemgt.com), or by telephone at (416) 701-9737. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by the Adviser's supervised persons.

The Adviser and its supervised persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

**Investing in Securities Recommended to Clients.** In addition, the Adviser or its supervised persons invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a supervised person recommends to Clients. The Adviser or its supervised persons may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Adviser on behalf of its Clients with respect to that same security. Such practices present a conflict when, because of the information an Adviser has, the Adviser or its supervised persons are in a position to trade in a manner that could adversely affect the Adviser's Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its supervised person's objectivity, these practices by the Adviser or its supervised persons may also harm Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its supervised persons to preclear only certain limited offerings and initial public offerings in their personal accounts with the CCO, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. In addition, the Adviser's Code prohibits the Adviser or its supervised persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the CCO. All of the Adviser's supervised persons are required to disclose their securities transactions on a quarterly basis. In addition, the Adviser's supervised persons are required to disclose the holdings in their personal accounts upon commencement

of employment with the Adviser and on an annual basis thereafter. Trading in the personal accounts of the Adviser's supervised persons is reviewed by the CCO.

With respect to proxy voting, to the extent that the Adviser or a related person or any personnel of the Adviser own securities that the Adviser or its related persons also recommends to Clients, such Clients' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

**Conflicts of Interest Created by Contemporaneous Trading.** In order to seek to avoid the conflicts stemming from situations where the Adviser or a supervised person buys or sells securities for Client accounts at or about the same time that the Adviser or a supervised person buys or sells the same security for its own account, the Adviser has adopted the restrictions on personal trading described above.

## **Item 12. Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.** The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including but not limited to economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser will periodically evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.** The Adviser, as a discretionary investment adviser, receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses Client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser will periodically review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services. To address these conflicts of interest, the Adviser will execute Client trades through broker-dealers that provide research and brokerage products to the Adviser only if it is determined by the Adviser that Client trades with such broker-dealers are otherwise consistent with seeking best execution.

The Adviser may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits, resulting in higher transaction costs for Clients.

Research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

Research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

During the Adviser's last fiscal year, as a result of Client brokerage commissions (or markups or markdowns), the Adviser and/or its related persons acquired data services (including services providing real time exchange data, market data, company financial data and economic data), software used to transmit orders, proprietary and third party research reports (including market research), certain financial newsletters and trade journals, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, and services related to execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians).

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

**2. Brokerage for Client Referrals.** In selecting or recommending broker-dealers, the Adviser may consider whether the Adviser or a related person receives Client referrals from a broker-dealer or third party. The Adviser may have an incentive to select or recommend a broker-dealer based on its interests to receive Client referrals rather than on the Client's interests to receive most favorable execution. To address this conflict of interest, the Adviser will execute Client trades through broker-dealers that refer

Clients to the Adviser only if it is determined by the CCO of the Adviser that Client trades with such broker-dealers are otherwise consistent with seeking best execution.

**B. Order Aggregation.** The Adviser anticipates purchasing or selling the same security for more than one Client at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate Client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is completely filled, the Adviser will allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a Client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to Clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Clients.

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

**A. Frequency and Nature of Review.** Each Client account will be reviewed by the Chief Investment Officer and CCO on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters to be reviewed may include specific securities held, adherence to investment guidelines and the performance of each Client account.

**B. Factors Prompting a Non-Periodic Review of Accounts.** Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular Client or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

**C. Content and Frequency of Regular Account Reports.** Investors in the Clients will receive reports from the Clients pursuant to the terms of each Client's offering documents.

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

#### **A. Economic Benefits Received from Non-Clients for Providing Services to Clients.**

The Adviser receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its Clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices, including the Adviser's procedures for addressing conflicts of interest that arise from such practices.

**B. Compensation to Non-Supervised Persons for Client Referrals.** The Adviser makes cash payments to third-party solicitors for Client referrals whereby the third-party solicitor receives compensation attributable to the Client solicited and referred by the third-party solicitor, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective Client with a copy of the Adviser's Form ADV Part 2, and a disclosure

document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for Client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended and related SEC staff interpretations.

#### **Item 15. Custody**

The Adviser and an affiliate of the Adviser are deemed to have custody of the assets of the Castle Ridge Funds and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

#### **Item 16. Investment Discretion**

The Adviser will provide investment advisory services on a discretionary basis to Clients.

Prior to assuming discretion in managing a Client's assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser will have the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser will submit an aggregated order to the Adviser's trading desk describing the allocation of securities to (or from) Client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) a Client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (iv) size of the Client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows; and (ix) amount of trade away fees or other transaction fees. Although it is the Adviser's policy to allocate investment opportunities to eligible Client accounts that have the same or substantially similar investment objectives, strategies and restrictions on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a pro rata basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

In the event that Client's with similar investment objectives cannot have their orders aggregated together because they have instructed the Adviser to use different brokers, the Adviser will seek to have all orders placed with the respective brokers electronically ahead of the start of execution. All trades will be released to the brokers at the same time so that no Client's orders are favored over another. All trades will be filled electronically using the broker's VWAP algorithm to ensure fairness and similar average prices.

Allocations will be made among Client accounts that have the same or substantially similar investment objectives, strategies and restrictions and are eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Client's status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for its Clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine



the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those Client accounts eligible to hold such securities. Eligibility will be based on the legal status of the Clients and the Clients' investment objectives and strategies.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that Clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a Client account incurs a trade error as a result of the Adviser's violation of the standard of care that is applicable to the Client account, the Adviser will reimburse the Client for losses attributable to such violation. Trade errors that do not result from the Adviser's violation of the standard of care applicable to the Client account are borne by the Client account. The Adviser is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

To the extent the Adviser has authority, pursuant to the investment management agreement or other governing documents of a Client account, to participate in class action claims (each, a "Claim") it will do so on a case-by-case basis. Once the Adviser receives a Claim, the Adviser will determine whether any Clients or former Clients of the Adviser owned the security during the period covered by the Claim. Appropriate personnel of the Adviser will determine whether they agree with the basis of the Claim and whether or not to participate in the Claim depending upon (i) the nature of the Claim; (ii) prospects for recovery; (iii) resources required to pursue the Claim; (iv) other relevant factors pertaining to the particular Claim; and (v) any other factors that the Adviser deems relevant. To the extent the Adviser receives proceeds from a Claim on behalf of a Client, including a Fund, the Adviser's general policy is that only current investors at the time of receipt of the proceeds will participate in the proceeds. The Adviser may under certain circumstances elect not to participate in the proceeds of a Claim.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser will comply with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of its Clients. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of the Client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a Client's proxies by contacting the CCO by email at [mpetruszella@castleridgemgt.com](mailto:mpetruszella@castleridgemgt.com) or by (416) 701-9737.

#### **Item 18. Financial Information**

This Item is not applicable.

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