



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

### **Polarity Investment Partners, LP**

February 26, 2021

#### **Principal Office**

Polarity Investment Partners, LP

569 31st Street

Manhattan Beach, CA 90266

917-697-9080

<https://www.linkedin.com/company/polarity-investment-partners/about/>

This brochure provides information about the qualifications and business practices of Polarity Investment Partners, LP (“Polarity” or the “Firm”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at 917-873-5733 or email [charles@polarityinvest.com](mailto:charles@polarityinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

## Item 2: Material Changes

This is the Firm’s initial filing of the Form ADV Part 2A. As such, there are no material changes to report.

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## Item 4: Advisory Business

Polarity Investment Partners, LP (“Polarity” or the “Firm”) is a Delaware limited partnership that was formed in October 2020. Polarity is owned and controlled by Steven Ladd Fritz Jr., the Firm’s Chief Investment Officer. Polarity Management GP, LLC, which is wholly owned by Mr. Fritz, also has an equity interest in the Firm. The Firm intends to be the investment adviser to one or more private funds and/or separately managed accounts (collectively, “clients”).

Polarity will provide discretionary investment management services to its clients. The Firm’s investments will focus on global coverage across the electric economy, including, but not limited to, electric vehicle supply chain, factory automation, renewable energy, utilities, and mobility. The Firm intends to employ a long/short equity strategy, with some use of options and swaps.

Polarity does not intend to provide individualized advisory services to clients and will generally limit its investment advice to the strategy described above. However, divergence between accounts within the strategy can occur as a result of specific investment restrictions imposed by a client as agreed upon mutually within the client’s investment management agreement.

The Firm does not participate in wrap fee programs.

Upon registration, the Firm anticipates that its regulatory assets under management will be approximately \$100,000,000, all of which will be managed on a discretionary basis.

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

Polarity typically will receive an asset management fee from clients (the “Management Fee”). In addition, a performance fee will be charged, as discussed in Item 6 below. For separately managed accounts, fees and compensation are calculated in accordance with the methodology specified in each client’s investment management agreement. For private funds, fees and compensation are calculated in accordance with the methodology set forth in each fund’s governing documents. Management fees will generally be deducted from clients’ accounts monthly. Separate account clients will be able to select whether to have their fees deducted from their accounts. Fees for clients may be individually negotiated. Negotiated fees can be higher or lower, or calculated differently, than those summarized here. In certain circumstances, fees may be waived in part or as a whole.

As noted above, management fees will generally be paid in advance. In those cases, when a client account terminates, a prorated fee will be calculated, and all prepaid but unearned advisory fees will be refunded to the client by Polarity.

### Separately Managed Account Clients

The standard Management Fee schedule applicable for separately managed accounts will generally be as follows: a flat Management Fee of 1.5% per annum with a performance fee of 20% (performance fees are further addressed under Item 6 below). However, such fees are negotiable.

### Private Fund Clients

The Management Fee applicable for private funds will be 1.5% of the applicable fund’s net assets. Funds will also have a performance fee of typically 20%, as described in Item 6 below.

### Expenses

In addition to Management Fees, clients bear the custodial, brokerage and transaction costs associated with trading securities. For additional information regarding brokerage practices, see Item 12.

With respect to private funds managed by the Firm, expenses will be charged to such funds that are more fully disclosed in the funds’ governing documents. These expenses will include, but are not limited to, the following: fund legal and compliance expenses, fees and expenses related to various filings (or portions thereof) made in connection with managing the Funds’ portfolio (the “Portfolio”) (including, but not limited to, Section 13 filings, Section 16 filings and similar expenses (if applicable)); administrator, audit (including custody audit, if applicable), tax and fund-related accounting expenses (including third-party accounting services); shareholder proxy voting services; organizational expenses; investment expenses such as commissions, research fees and expenses; interest on margin accounts and other indebtedness; borrowing charges on securities sold short;

custodial fees; bank service fees; fund-related insurance costs; advisory committee expenses; and indemnification and litigation expenses.

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

As described above, Polarity will receive performance-based compensation from clients which will typically be equal to 20% of the portfolio's net profits, subject to a loss carry forward account provision. Performance fees, where applicable, will be deducted from client accounts at year end.

The fact that Polarity is compensated based on trading profits can create an incentive for Polarity to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. Further, the performance-based fee received by Polarity will be based on both realized and unrealized gains and losses. As a result, the performance-based fee earned could be based on unrealized gains that clients may never realize.

Polarity may provide investment advisory services within the same strategies through various investment vehicles, such as separately managed accounts and private funds. This gives rise to potential conflicts of interest since Polarity has an incentive to favor certain accounts over others. For example, differing fee arrangements among clients will create an incentive for Polarity to disproportionately allocate time, services, or investment opportunities to clients paying higher fees.

To address these and other conflicts of interest, Polarity will adopt various policies and procedures designed to ensure that all client accounts are treated equitably and fairly over time and that no account receives favorable treatment.

Performance-based fees can be individually negotiated and may be higher or lower than those disclosed here. The Firm intends to charge performance-based fees to all clients.

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

Polarity will primarily provide investment management services to privately offered funds, corporate institutions, high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. Polarity's minimum account size will be generally \$1,000,000, but this amount is negotiable.

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

### Investment Strategy and Methods of Analysis

As noted in Item 4, Polarity's investments will focus on global coverage across the electric economy, including, but not limited to, electric vehicle supply chain, factory automation, renewable energy, utilities, and mobility. The Firm intends to employ a long/short equity strategy, with some use of options and swaps.

Polarity's primary methods of analysis will include fundamental analysis using financial newspapers and magazines; inspection of corporate activities; research materials prepared by others; quantitative data analysis; consultations with industry experts; corporate rating services; timing services; annual reports, prospectuses, filings with the SEC; meetings with company management; and company press releases.

### Risk of Loss

As a general matter, investing in securities involves a risk of loss that clients and investors should be prepared to bear. The following summary identifies material risks that will be related to Polarity's investment strategy and should be carefully evaluated prior to making an investment; however, the following does not intend to identify all possible risks of an investment or provide a full description of each identified risk. Examples of such risks include, but are not limited to:

### *Nature of Investments*

Polarity will have broad discretion in making investments for clients. Investments will generally consist of global equity and equity-related securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that Polarity will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of 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 value of their investments. In addition, the value of a portfolio may fluctuate as the general level of interest rates fluctuates.

### *Equity-Related Investments*

Polarity will use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operational risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### *Swap Agreements*

Polarity may enter into swap agreements on behalf of its clients with other counterparties. A swap agreement (also known as a "swap") is a type of derivative in which two parties agree to pay each other (swap) the returns derived from a designated asset, security, index or other instrument. Most swaps do not involve the delivery of the designated instrument by either party, and the parties might not own the designated instrument. The payments are usually made on a net basis so that, on any given day, a portfolio would receive (or pay) only the amount by which its payment under the contract is less than (or exceeds) the amount of the other party's payment. Swap agreements are sophisticated instruments that can take many different forms and are known by a variety of names. Payments made pursuant to swap agreements may also be highly volatile.

### *Options*

Polarity may purchase put and call options for client accounts, as well as writing such options, which are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the

underlying asset, security, index or other instrument. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying asset, security, index or other instrument may fall below the exercise price. The ability to trade in or exercise options on securities may be restricted in the event that trading in the underlying asset, security, index or other instrument interest becomes restricted.

#### *Short Sales*

Polarity will engage in short sales which can substantially increase the impact of adverse price movements on a portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

#### *Non-U.S. Securities*

Polarity may purchase non-U.S. securities for client accounts. Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

#### *Currency Risk*

Currency risk is the risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investments in securities denominated in a foreign currency or may widen existing losses.

#### *Counterparty Risks*

Transactions involving a counterparty, including derivatives, are subject to the risk that the counterparty or a third-party will not fulfill its obligation to the client because of the counterparty's financial condition, market activities and developments, or other reasons, whether foreseen or not. Changes in the credit quality of the companies that serve as the clients' counterparties with respect to derivatives or other transactions supported by the counterparties' credit may affect the value of those instruments. Future events can reduce such counterparties' capital and call into question their continued ability to perform their obligations under such transactions. By using derivatives or other transactions with counterparties, a portfolio assumes the risk that its counterparties could experience similar financial hardships. In the event of default by, or the insolvency of, a counterparty, a portfolio may sustain losses or be unable to liquidate a derivative or swap position. A counterparty's inability to fulfill its obligation may result in significant financial loss to a portfolio and the portfolio may be unable to recover its investment from the counterparty or may obtain a limited recovery and/or recovery may be delayed.

*Liquidity Risks*

Polarity primarily will invest in publicly traded equities and listed options. However, in certain circumstances, it may be difficult to purchase and sell particular portfolio investments, or to open or close investments in derivatives, due to infrequent trading in such portfolio or derivatives investments. The prices of such investments may experience significant volatility, make it more difficult to transact significant amounts of such investments without an unfavorable impact on prevailing market prices, or make it difficult for Polarity to dispose of such investments at a fair price at the time Polarity believes it is desirable to do so. A portfolio may experience losses if required to liquidate holdings with limited liquidity. There can be no assurance that the value established for an illiquid or thinly traded security will accurately reflect the true market value of the security.

*Trading Errors*

Client portfolios are subject to the risk of trade errors, whether due to errors by Polarity or by third-party intermediaries, or otherwise.

*Business and Regulatory Risks*

Legal, tax and regulatory changes could occur during that may adversely affect the client portfolios.

*Cybersecurity Risk*

The information and technology systems used by Polarity and key service providers to Polarity to carry out routine business operations may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, security breaches and usage errors by their respective professionals. Although Polarity will have implemented various protections 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 Polarity 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 for any reason could cause significant interruptions in the operations of Polarity and result in a failure to maintain the security, confidentiality or privacy of sensitive data including personal information. A cybersecurity breach could expose both Polarity and its clients to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability, regulatory inquiry and/or action. Furthermore, Polarity and its clients cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by service providers, the issuers in which Polarity invests client assets, counterparties with which Polarity engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies, and/or other financial institutions.

*Force Majeure*

Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood,

earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Polarity may invest on behalf of its clients. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to clients, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation).

### **Item 9: Disciplinary Information**

Polarity and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

Polarity and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Neither Polarity nor any of its employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Polarity nor any of its management persons are registered, or have an application pending to register, as futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

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

Pursuant to Rule 204-1 of the Advisers Act, Polarity will maintain a written code of ethics applicable to all Polarity personnel. Among other things, the code will require Polarity and its personnel to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Polarity's restrictions on personal securities trading will apply to employees, as well as employees' family members living in the same household. Clients or fund investors may request a copy of Polarity's code of ethics upon request by contacting Polarity at 917-873-5733 or emailing [charles@polarityinvest.com](mailto:charles@polarityinvest.com).

Polarity's employees will not be permitted to purchase securities of individual companies that are held in client accounts, or are being considered for client accounts. Accordingly, Polarity will maintain a restricted list of securities held in client accounts and securities that are being considered for client accounts. Any proposed employee transaction involving securities on the restricted list will not be permitted.



Polarity may offer qualified clients the opportunity to invest in private funds managed by Polarity. In doing so, Polarity will fully disclose its relationship and interest with such private funds to such potential client investors.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers**

Polarity will have the discretion as to the placement of brokerage transactions (and accordingly, the commission rates paid) for client accounts with or through such brokers or dealers as it may deem appropriate. It will be the policy and practice of Polarity to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). In selecting a broker, dealer or other intermediary, Polarity will consider such factors that in good faith and judgment it deems reasonable under the circumstances, including without limitation: (1) price; (2) a brokerage firm’s research and investment ideas; (3) a firm’s ability to properly execute any orders (based on the size of the trade and its complexity to execute); and (4) the operational aspects of a brokerage firms’ back office and custodian or other administrative services.

Polarity acknowledges its obligation to seek the best execution reasonable within the circumstances of a trade. However, Polarity does not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Polarity believes that the broker-dealers that it will select for client transactions will provide competitive transaction and custody costs, helping clients to eliminate or control costs and optimize the custodial structure to the benefit of account holders. When possible, Polarity will seek to pre-negotiate preferred terms for its clients, thereby providing clients with the benefits associated with the economy of scale and custodial knowledge of the Firm.

Polarity intends to use Goldman Sachs, Bank of America, and UBS as prime brokers. These firms provide trading, administrative, recordkeeping, and clearance settlement services.

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

Polarity will select broker-dealers in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.”

Polarity anticipates entering into soft dollar arrangements to the extent that doing so is believed to be in the best interest of its clients. Broker-dealers with which the Firm will establish soft dollar arrangements generally establish “credits” based on past transactional business, which will be used to pay third parties for specified expenses, as described below. Polarity may also receive proprietary research directly from broker dealers with which it trades. Although customary, these arrangements

present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select a broker-dealer based on Polarity's interest in receiving research or other products or services, rather than on receiving the most favorable execution. In addition, when Polarity uses client commissions to obtain research or other products or services, Polarity receives a benefit because the Firm does not have to produce or pay for such research products, or services. Polarity will use such soft dollar benefits to service all client accounts regardless of level of soft dollar credits that any particular account generates.

In accordance with the safe harbor provided by Section 28(e) of the Securities Exchange Act, Polarity may use soft dollars to acquire a variety of research and brokerage services and products from a broker-dealer, provided that the commissions paid are reasonable in light of the value of the brokerage and research products or services provided, as determined by Polarity in good faith. Polarity will generally limit the use of "soft dollars" to obtain research and brokerage services which constitute eligible research and brokerage within the meaning of Section 28(e). For these purposes, eligible "brokerage" services and products are those used to effect securities transactions for client accounts or to assist in effecting those transactions, such as execution, clearing, and settlement of securities transactions and other functions incidental thereto. Eligible "research" products and services include advice, analyses, or reports that provide lawful and appropriate assistance to Polarity in making investment decisions for its clients.

Research products and services Polarity expects to receive include: a wide variety of reports, charts, publications and proprietary data on such matters as market conditions and projections and analyses of particular industries, companies or securities, pre-trade and post-trade analytics (including trade analytics transmitted through an order management system), trade analytical software, attendance at conferences sponsored by brokers, meetings with management representatives from companies the firm is covering, discussions with research analysts and specialists, research on optimal execution venues and trading strategies, and advice on order execution, execution strategies, market color, and the availability of buyers and sellers (and the software that provides these types of market research). In addition, certain aspects of Polarity's order management system will be paid for with soft dollars, as further described below.

Brokerage products and services Polarity expects to receive include: communications and connectivity services related to execution, clearing, and settlement of securities transactions, trading software used to route orders to market centers or direct market access systems, software that provides algorithmic trading strategies, and certain eligible post-trade services incidental to transaction execution, such as electronic communication of allocation or settlement instructions.

In the event any products or services obtained by Polarity with client commissions have "mixed uses," (i.e., for research and non-research purposes), Polarity will make a good faith and reasonable allocation of the cost of the product according to its use, in accordance with the SEC's interpretive guidance. Although Polarity will make a good faith and reasonable allocation of the eligible costs of the product or service for brokerage or research, the allocation determination itself poses a potential conflict of interest since Polarity may have an incentive to overestimate the soft dollar portion allocated to the "mixed use" product or service in order to avoid paying for such brokerage or research with hard dollars.

## 2. *Brokerage for Client Referrals*

Polarity will not consider, in selecting broker-dealers, client referrals from a broker-dealer.

## 3. *Directed Brokerage*

Polarity does not intend to have any “directed brokerage” arrangements with its clients. Polarity has complete discretion in deciding what brokers and dealers its client portfolios will use and in negotiating the rates of commission.

Although Polarity presently does not intend to have any clients that require Polarity to use a specific broker-dealer to execute transactions, Polarity may accept clients with directed brokerage requirements in the future. If Polarity is directed to use a particular broker-dealer by a client, it will not be able to negotiate commission levels or obtain discounts which otherwise may be available to Polarity. In addition, a client that directs Polarity to use a specific broker-dealer may not be able to participate in aggregate securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. As a result, such clients may pay higher commissions than would otherwise be the case pay if Polarity had discretion to select broker-dealers other than those that the client chooses.

## **B. Aggregating Trading for Multiple Client Accounts**

Polarity may (but is not required to) combine orders on behalf of one client account with orders for other client accounts for which it has trading authority. When it does, Polarity will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Each client that participates in the allocation of an aggregated order will participate at the average price for all of the participating transactions in that security on a given business day, with aggregated transaction costs shared pro rata based on each client’s participation in the transaction. Polarity believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

Polarity may place orders for the same security for different clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in “block” transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security and exposure levels for the particular client.

Where execution opportunities for a particular security are limited, Polarity attempts in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all clients. In certain circumstances, investment allocations for certain clients may differ due to investment restrictions detailed in the applicable investment management agreement.

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

All client accounts will be reviewed on a continuous basis by the Chief Investment Officer and other key Polarity personnel. Polarity's investment personnel will monitor investment objectives and guidelines, positions, transactions, exposure, risk, and other issues related to current Portfolio holdings and potential investment opportunities. In addition, Polarity's investment personnel meet regularly to discuss investment ideas, economic developments, and industry outlook.

Polarity, through each private fund's administrator, will provide each investor in a private fund managed by Polarity with a monthly written statement showing opening and closing shares, NAV per share, ending capital, statement of income (loss), and investor performance.

With respect to separate account clients, Polarity will provide agreed upon periodic output and electronic transparency to each separate account client.

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

Other than the previously described soft dollar benefits, Polarity does not intend to receive any economic benefit, directly or indirectly from any third party for advice rendered to clients.

Polarity does not intend to compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

Polarity will not maintain physical custody of client assets (including cash or securities). However, pursuant to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), Polarity will be deemed to have custody of the assets and securities of the private fund it manages and the client accounts for which it is authorized to deduct fees.

To comply with the Custody Rule, Polarity intends for the private funds it manages to be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB") in accordance with its rules. Polarity will further ensure that such funds' audited financial statements prepared in accordance with generally accepted accounting principles ("GAAP") are distributed to all investors within 120 days of the end of each fiscal year. Such funds will also be subject to audit upon liquidation and the audited financial statements must be distributed to all investors promptly after the completion of such audit. Investors should carefully review such audited financial statements and compare these custodial records to any account statements that Polarity may provide.

To ensure compliance with the Custody Rule, each separate account client's cash and securities will be held in custody by a qualified custodian in such client's name or in accounts that contain only cash and securities owned by the client. Such account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Polarity.

Underlying investors in the private funds managed by Polarity will also receive statements from the funds' administrators, no less than quarterly, and investors are reminded to carefully review those statements and compare these records to any account statements that Polarity may provide.

## **Item 16: Investment Discretion**

Polarity will have investment discretion over all clients' accounts. Separate account clients will grant Polarity investment discretion through the execution of Polarity's advisory contract with such clients. With respect to private funds managed by Polarity, such funds will grant Polarity investment discretion in the funds' governing documents.

Separate account clients can place reasonable restrictions on Polarity's investment discretion. For example, clients may restrict Polarity from buying securities issued by certain companies.

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

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Polarity will adopt and implement written policies and procedures governing the voting of client securities. All proxies that Polarity receives will be treated in accordance with these policies and procedures.

Polarity will typically be delegated proxy voting authority by its clients. Where voting is delegated to Polarity by a separate account client or under the governing documents of a private fund client, Polarity will vote proxies in the best interest of the client and in a manner that it believes maximizes the economic value of the client's holdings.

Conflicts of interest arise from time to time between the interests of Polarity and the interest of its clients. Polarity will adopt policies and procedures to address situations where a matter on which a proxy is sought presents a potential conflict of interest and will ultimately vote the relevant proxy in what Polarity believes to be the best interest of its clients. In situations where Polarity perceives a material conflict of interest, Polarity may defer to the voting recommendation of the client, or take such other action, in good faith, that would protect the interests of its clients. The process of voting proxies will be driven by the Portfolio Manager and monitored by the CCO.

Polarity's complete proxy voting policy and procedures will be memorialized in writing and will be available upon client request. In addition, Polarity will maintain a record of all proxy votes cast, which is also available upon request. Clients may request the foregoing information or contact Polarity at 917-873-5733 or email: [charles@polarityinvest.com](mailto:charles@polarityinvest.com).

If Polarity does not have the authority to vote proxies for a client's account, the client generally will receive proxies or other solicitations from their custodian or other intermediary.

There may be instances where certain separate account clients can give Polarity instructions about how to vote their respective shares.

**Item 18: Financial Information**

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