



**IvyRock Asset Management (HK) Limited**

**Form ADV, Part 2A – Brochure**

**ITEM 1: COVER PAGE**

**14 January 2021**

This Brochure provides information about the qualifications and business practices of. If you have any questions about the contents of this Brochure, please contact us at [operations@ivycapital-hk.com](mailto:operations@ivycapital-hk.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

IvyRock Asset Management (HK) Limited is an SEC-registered investment adviser. Such registration as an investment adviser does not imply any level of skill or training.

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

IvyRock Asset Management (HK) Limited  
Unit 2102, 21/F, Cosco Tower  
183 Queen's Road Central, Sheung Wan  
Hong Kong

Telephone: +852 2620 0482

**ITEM 2: MATERIAL CHANGES**

IvyRock Asset Management (HK) Limited is a newly registered investment adviser. Because this is our initial Brochure, there are no material updates to disclose. Any material updates to the information contained in this Brochure will be provided promptly to clients in the future.

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## **ITEM 4: ADVISORY BUSINESS**

### *General Description of Advisory Firm*

IvyRock Asset Management (HK) Limited (“IAMHK”, “we”, “our”, or “us”) is licensed with the Securities and Futures Commission of Hong Kong effective 6 March 2014. It was founded by Lui Cheung and is a limited company incorporated in Hong Kong and registered under the business registration ordinance of Hong Kong on 30 March 2009.

IAMHK is wholly-owned by IvyRock Asset Management (Cayman) Limited, which in turn is a wholly-owned by Gold Stand Goal Limited. Gold Stand Goal Limited is solely owned by Mr. Yong Huang.

### *Description of Advisory Services*

IAMHK provides discretionary investment management services for qualified private and institutional investors that invest in two pooled investment vehicles (each consisting of a master and feeder fund), which are the IvyRock China Equity Master Fund, IvyRock China Equity Feeder Fund, IvyRock China Focus Master Fund, the IvyRock China Focus Feeder Fund (collectively “IvyRock Funds”).

IAMHK also serves as the sub-investment manager to manage on a discretionary basis the ABS Direct Equity Fund LLC, Asia Series 6 (together with the IvyRock Funds, collectively “Funds”).

The Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, shares in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements to private placement transactions within the United States or in non-United States transactions, and only by means of an offering memorandum.

All discussions of clients’ investment terms in this document, including but not limited to their investments, strategies, fees and other costs, conflicts of interest and relevant material risks are qualified in their entirety by reference to the relevant offering memorandum and governing documents with regard to the Funds.

IAMHK does not participate in wrap fee programs.

As of 1 December 2020, the firm managed assets on a discretionary basis in the amount of approximately USD 850 million.

## **ITEM 5: FEES AND COMPENSATION**

### *Performance and Management Fees*

IAMHK typically charges a management fee based on the percentage of assets under management, and a performance fee based on the percentage of net capital appreciation. These fees vary between

different Funds, but are generally up to 2.0% per annum of assets under management and up to 25% performance fee. We are only entitled to performance fees if cumulative profits generated exceed either the previous highest level of cumulative profits (high water mark) and/or a market performance benchmark. This method of calculating the performance fee is prevalent in the alternative investment field.

In limited circumstances, IAMHK may negotiate specific terms of investment for certain prospective investors in the Funds differing from the terms applicable to other investors. When we enter into these arrangements, a rebate may be paid by IAMHK to the relevant investor. This may result in certain investors paying a lower management or performance fee than that specified in the offering documents for the Fund.

IvyRock China Equity Feeder Fund and IvyRock China Focus Feeder Fund (the “Feeder Funds”) are feeder funds that invest in the IvyRock China Equity Master Fund and IvyRock China Focus Master Fund (the “Master Funds”), respectively. Fund investors invest either in the Master Funds directly or through the Feeder Funds. Shares of the Master Funds and the Feeder Funds pay the designated management and performance fees to us.

Neither we nor any of our “supervised persons” (as defined in the glossary of terms to SEC Form ADV) accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. In limited circumstances, IAMHK may negotiate specific terms of investment for certain investors in the Funds differing from the terms applicable to other investors.

Charging asset-based fees and performance-based fees may create a potential conflict of interest because it creates an incentive to allocate the best-performing assets into the Funds on which we charge performance-based fees. Also, the allocation of performance fees at different rates, or subject to different hurdle rates, may create an incentive to disproportionately allocate time, services or functions to accounts or vehicles allocating such fees at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such accounts.

We recognize the possibility of such a conflict and address it through our allocation policy. In particular, IAMHK’s policy is to allocate investment opportunities fairly and equitably, to the extent possible, over a period of time. To ensure fairness in the allocation of investment opportunities amongst our clients, we consider various factors including but not limited to: the client’s investment objectives and strategies; existing portfolio composition; net asset value; cash levels and cash availability; securities’ trading liquidity; market exposure; industry sector exposure; and the suitability of investments for the clients. Where an investment opportunity is suitable for two or more clients, we seek to provide clients with equal access to such investment opportunities to the extent possible, and generally seek to employ allocation methods such as pro-rata allocation.

#### *Valuation of Assets*

The management fee and the performance-based fees charged to clients are calculated based on valuations ascribed to the portfolio holdings of each. There can be no assurance that the value assigned to an investment at a certain time will equal the value that each portfolio is ultimately

able to realize. IAMHK addresses this conflict by adhering to its valuation policies and employing an independent third party to assist in certain valuation decisions / support valuation matters, and employing independent third-party pricing sources to the extent practicable.

*Fee Waivers*

We may, in our sole discretion, waive all or part of any fees or expenses payable by or attributable to clients. IAMHK and/or its personnel may invest in the Fund and not be subject to management fees or performance-based fees with respect to their investments therein.

*Expenses and other Fees*

The Funds' investors generally bear certain and expenses of the Funds. Such expenses may include, but are not limited to: brokerage commissions and charges; all fees and expenses of transactional, risk, market data and trade-related services; all administrative expenses; fees and charges of custodians and clearing agencies; income taxes, withholding taxes, transfer taxes and other charges and duties of governments, agencies or regulatory bodies; fees and expenses of legal advisers, administrators, net asset value calculation agents, accountants and independent auditors; Directors' fees and expenses; the costs of printing and distributing any memorandum and subscription materials and any reports and notices to investors or prospective investors. Each client also will bear its own organizational fees and expenses.

Please see Item 12, "Brokerage Practices," below for a discussion of certain brokerage expenses. We have no affiliated broker-dealers.

We do not ask or require our clients to pay any fees in advance of the related advisory services.

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

We receive performance-based compensation as described in Item 5, "Fees and Compensation," above.

**ITEM 7: TYPES OF CLIENTS**

IAMHK provides investment advisory services in accordance with the requirements of client specific investment management agreements. The Funds generally impose minimum investment requirements, such as minimum initial investments, as further specified in their offering materials. In addition, investors in the vehicles organized in the United States or that are otherwise offered to U.S. persons are generally subject to certain qualification standards, including status as "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act and, at least in certain cases, as "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategy**

IAMHK shall seek to identify trends and themes and search for ways to profit from its proprietary views on the Asian macro environment and business fundamentals, trading equities and equity-linked products, bonds, foreign exchange, and other securities and implementing both directional and relative value positions. IAMHK will aim to build a portfolio of opportunities with diverse drivers and time horizons to benefit from diversification. .

IAMHK employs fundamental and market dynamic analysis in order to construct a balanced portfolio in directional and relative value investment opportunities focusing on Asia. Its investment process consists of three parts: (i) Research and Idea Generation; (ii) Trade Implementation and Execution; and (iii) Risk Management and Monitoring, that have been developed with the aim of generating good returns in various market conditions and preserving capital. In particular, its Research and Idea generation process is comprised of macro analysis, industry and business fundamental research, use of quantitative tools, and technical analysis. This process is followed by Trade Implementation and Execution, which consists of choice of instrument, risk contribution analysis, position sizing, and trade execution.

Additionally, the final part of IAMHK's investment approach is its Risk Management and Monitoring process that follows risk guidelines that have been specified for each product managed by IAMHK employs risk management tools include, but are not limited to, exposure guidelines, diversification requirements, position limits, drawdown management margined cash and cash equivalent level management.

### **Risk of Loss**

There are a number of material risks associated with IAMHK's investment strategies. These include, but are not limited to, the risks summarized below. The information contained in this brochure cannot disclose every potential risk associated with the investment strategy or all of the risks applicable to its clients. Rather, it is a general description of the nature and risks of the strategy. Also, there may be further risks which are currently unforeseen by IAMHK. The material risks discussed below are qualified in their entirety by reference to risk disclosures found in the Funds offering documents, or other relevant agreements or disclosure documents. Investors are asked to carefully review these documents for additional information about risks associated with the investment and consult their own advisers.

There is no guarantee that the strategy will deliver returns for the Funds and any investment in the Funds could result in a substantial or total loss of the capital invested.

**Currency exposure:** Assets of the Funds may be invested in securities and other investments which are denominated in currencies other than the currency or currencies in which the Fund shares are denominated. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. IAMHK may seek (but is not obligated) to hedge its foreign currency exposure but will necessarily be subject to foreign exchange risks and there can be no assurance that any hedges which are put in place will be effective.

**Derivative instruments:** The Funds may use both over-the-counter and exchange traded derivatives including, but not limited to, futures, options, forward contracts and swaps. Derivative instruments can be highly volatile and expose investors to a high risk of loss. The use of derivative instruments exposes the Funds to various risks, including the following:

- (i) **Tracking** – When a derivative instrument is used for hedging purposes, there may be an imperfect or variable degree of correlation between price movements of the derivative instrument and the investment or market sector being hedged which may negate the intended hedging effect.
- (ii) **Liquidity** – Derivative markets often have limited liquidity, particularly when derivative instruments are traded in large amounts. In circumstances of low liquidity, the Funds may not be able to close out a position without incurring a substantial loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges may prevent prompt liquidation of positions, subjecting the portfolio to the potential of greater losses.
- (iii) **Leverage** – The low initial margin deposits normally required to establish a position in derivative instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of Funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited.
- (iv) **Over-the-Counter-Trading** – Over-the-counter instruments are two-party contracts where price and other terms are negotiated by the buyer and the seller. Transactions in over-the-counter instruments may involve additional risk as there is no exchange market on which to close out an open position. Consequently it may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. The risk of non-performance by the relevant counterparty can be significantly greater in the case of over-the-counter instruments as opposed to exchange-traded instruments.

**Emerging markets:** The Funds may invest in emerging markets and therefore additional risks may be encountered. These include:

- (i) **Political and economic factors** - Investing in emerging markets involves certain risks not typically associated with investing in the securities of issuers in more established markets, including: (i) political and economic risks, such as greater risks of expropriation, nationalization and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; and (iv) bureaucratic restraints relating to investment in the country.
- (ii) **Developing legal system** - At present, the securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent interpretation and enforcement involve significant uncertainty.

- (iii) **Market considerations** - As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. Settlement of transactions may be subject to delay and administrative uncertainties.
- (iv) **Currency** - The currencies in which investments are denominated or priced may be unstable and/or subject to significant depreciation. Such currencies may not be freely convertible. The imposition of currency controls may negatively impact performance and liquidity in the Funds as investors' investments may become trapped in the relevant jurisdiction.
- (v) **Custody risk** - Custodians are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more developed markets. In particular, there is a risk that the Funds will not be recognized as the owner of securities held on its behalf by a sub-custodian.
- (vi) **Disclosure** - Less complete and reliable fiscal and other information may be available to investors than information normally available in mature markets.

**General Foreign Exchange Trading Risks:** Substantial risks are involved in the trading of foreign exchange, market movements can be volatile and difficult to predict. Government activities, particularly those of the Federal Reserve Board of the United States, can have a profound effect on interest rates, which, in turn, substantially affect prices as well as the liquidity of markets. Politics, recession, inflation, employment levels, trade policies, international events, war, and other unforeseen events can also have significant impact upon prices. A variety of possible actions by various government agencies also can inhibit the profitability of the Funds or can result in losses. Such events, which can result in significant market movements and volatile market conditions, create the risk of substantial losses for the Funds.

**Market risks and liquidity:** Much of the profitability of the investment program of the Funds depends on correctly assessing the future course of the price movements of investments and securities. There can be no assurance that IAMHK will be able to predict accurately these price movements. While IAMHK attempts to mitigate market risk, there is always some, and occasionally a significant, degree of market risk. Furthermore, the Funds may be adversely affected by a decrease in market liquidity for the instruments, which may impair IAMHK's ability to adjust position. The size of positions, changes in overall market leverage, deleveraging by a prime broker, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Funds' portfolios.

**Overall investment risk:** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by IAMHK and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While IAMHK will devote its best efforts to the management of the Funds' portfolio, there can be no assurance that the Funds will not incur losses.

**Use of leverage:** Subject to market conditions, applicable regulations and client agreements, the Funds may use leverage in connection with investments. The use of leverage will add to the risk of the Funds' investments, as declines in the price of a security could result in a substantial loss of

the Funds' investment in the security. The Funds' use of leverage may result in losses exceeding the amount invested.

## **ITEM 9: DISCIPLINARY INFORMATION**

To IAMHK's knowledge, neither it nor any of its management personnel have been involved in, or subject to, any disciplinary events or legal actions that are material to its advisory business or the integrity of its management.

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

Neither IAMHK nor any members of our management are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant ("FCM"), commodity pool operator ("CPO"), a commodity trading advisor ("CTA"), or an associate person of a registered FCM, CPO, or CTA. IAMHK is a Commodity Futures Trading Commission ("CFTC") Exempt Commodity Pool Operator pursuant to CFTC Rule 4.13(a)(3).

We or our management do not have any relationship or arrangement with our affiliates in the financial services industry that is material to our advisory business or to our clients.

We do not recommend or select other investment advisers for our clients. We do not receive compensation directly or indirectly from third parties in connecting with recommending advisory services.

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

### **Code of Ethics**

IAMHK has adopted a Code of Ethics which sets forth standards of business and personal conduct for all IAMHK employees, and addresses conflicts of interest that may arise from personal trading by employees, and gifts and entertainment received by or provided to them. Our employees are required to read, understand and observe the requirements in our Code of Ethics, which describes our duties and responsibilities to our clients in areas including:

- i. Honest and ethical reporting;
- ii. Full, fair, accurate, timely, and understandable disclosure in reports and documents;
- iii. Compliance with applicable laws, rules, and regulations;
- iv. Prompt internal reporting of violations of the Code; and
- v. Accountability for adherence to the Code of Ethics.

We will provide a copy of our Code of Ethics to any client upon written request.

### **Personal Account Dealing Policy**

IAMHK has adopted a Personal Account Dealing Policy, described in our Compliance Manual. All of our principals and our employees are subject to our Personal Account Dealing Policy, the terms of which apply to all financial instruments that are not exempt under its terms and regulatory rules. The purpose of our Personal Account Dealing Policy is to detect any personal account dealings that would involve a conflict with client dealings.

Our Personal Account Dealing Policy generally requires that our principals and employees seek pre-clearance and approval from the Chief Compliance Officer for all investments involving their personal accounts which are covered by the policy. Employees may generally make personal investments in financial instruments with pre-approval. Generally, all personal account transactions are subject to prior written authorization. In addition, all transactions in single-name stocks are subject to a 30-day holding period.

In addition, our principals and our employees may not trade during certain blackout periods. In other words, for transactions involving securities within IAMHK's investment universe, employees may generally buy or sell securities if IAMHK or its affiliates are not actively trading the same. Principals and employees who have obtained pre-approval to trade in the dealing window must submit trade confirmations of these transactions to the Chief Compliance Officer. All employees with personal trading accounts must provide the Chief Compliance Officer with statement copies no less than semi - annually.

Investments in certain instruments in which the investor has no discretion over individual securities transactions, including open-ended mutual funds, ETFs, foreign exchange or broad-based index products are permitted without the requirement for approval and reporting but are subject to general oversight by the Chief Compliance Officer.

## **ITEM 12: BROKERAGE PRACTICES**

IAMHK has full discretionary authority to invest and direct trades unless otherwise specified in client agreements. We endeavor to obtain the best execution for securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances ("Best Execution"). In selecting brokers, IAMHK seeks the best combination of price and quality of execution services, after considering factors that may impact the transaction, including the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets on which the transactions will be executed, and the broker's execution experience, integrity, credit-worthiness, financial responsibility and operational efficiency.

### **Directed Brokerage**

IAMHK generally does not engage in directed brokerage arrangements, unless instructed to do so by a client.

## **Soft Dollar Arrangements**

IAMHK generally receives goods or services from brokers without payment in consideration of directing transaction business on behalf of the Funds to them where: (i) the goods or services are of demonstrable benefit to the Funds; and (ii) the transaction execution is consistent with best execution and is not in excess of customary full service brokerage rates.

The goods and services may take the form of certain benefits including: (i) research; (ii) special execution capabilities; (iii) clearance and settlement; (iv) net price; (v) on-line pricing; (vi) block trading and positioning capabilities; (vii) willingness to execute difficult transactions in the future; (viii) on-line access to data regarding clients' accounts; (ix) performance measurement and market information data; (x) advice; (xi) technical data; (xii) efficiency of execution and error resolution; (xiii) quotation services; (xiv) the availability of stocks to borrow; (xv) custody; (xvi) record keeping; and (xvii) payment of certain expenses, such as newswire and data processing charges, quotation services, and periodical subscription fees.

IAMHK intends generally to consider the amount and nature of research, execution and other services provided by brokers as described above, as well as the extent to which such services are relied on, and attempt to allocate a portion of its brokerage business on the basis of that consideration. This arrangement is conducted consistent with applicable market practice. This arrangement may influence IAMHK's judgement in allocating brokerage business and create a conflict of interest in using the services of those broker to execute brokerage transactions. The brokerage commissions IAMHK pays to those firms, however, do not differ materially from and are not in excess of customary full brokerage commissions that it pays to other firms for comparable services. IAMHK conducts this activity in compliance with Section 28(e) of the Securities Exchange Act of 1934.

## **Trade Aggregation and Allocation**

IAMHK manages the Funds with similar investment styles and strategies. As a result, if an investment transaction is appropriate for more than one client, IAMHK may attempt to aggregate trades for the accounts and perform one trade or a block trade and allocate pro-rata.

IAMHK generally allocates trades on the same business day on a pro-rata basis to all appropriate clients, subject to certain exceptions such as de minimis orders. However, pro-rata allocations may not always be feasible or in the best interest of IAMHK's clients and IAMHK may determine to allocate investment opportunities, either in part or in whole, using another methodology. In addition, IAMHK also may exclude certain accounts from an allocation if the size of the allocation, if made on a pro-rata basis, would not satisfy certain minimum size thresholds established by IAMHK or a client. Generally, trades are allocated on a pro-rata basis; however, where this is not feasible, IAMHK monitors such allocation with the objective of fair and reasonable treatment of clients generally over time.

### **ITEM 13: REVIEW OF ACCOUNTS**

IAMHK conducts reviews of the Funds, and evaluates their investment objectives, restrictions and performance on a regular basis. Reviews are primarily conducted by the portfolio manager and risk staff and are overseen by our Chief Investment Officer and Chief Operating Officer.

The Funds' respective independent administrators are responsible for producing final confirmed net asset values ("NAV") and monthly statements, which they distribute directly to the investors. These financial statements and reports typically do not include a listing of portfolio investments.

IAMHK may produce and distribute written reports for clients in accordance with its internal practices and the terms defined in the relevant client agreements. These reports include various financial data and information. Similar data may also be used in written presentations and other client reporting, which are produced and distributed on an *ad hoc* basis.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We may enter into contractual arrangements whereby we share a portion of our performance and/or management fees paid in respect of the capital raised through client referrals. Such arrangements would be made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. We, and not investors, would pay compensation to these third parties. Investors will not pay any additional fees to us as a result of being solicited by such third parties.

No person, other than clients, provides us with an economic benefit for providing advisory services to our clients.

### **ITEM 15: CUSTODY**

IAMHK currently does not have custody, as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, of any client assets. If IAMHK in the future has custody under Rule 206(4)-2, it will comply with the pertinent provisions thereof.

### **ITEM 16: INVESTMENT DISCRETION**

IAMHK has discretionary authority to manage securities accounts on behalf of clients. Clients may seek to impose restrictions on how their accounts are managed, which vary based on the demands and objectives of the client. In addition, restrictions on investments by a pooled investment vehicle are specified in the vehicle's offering documents.

### **ITEM 17: VOTING CLIENT SECURITIES**

IAMHK has and will accept proxy voting authority to vote Funds' securities. This creates a potential conflict of interest for IAMHK with respect to clients because of the possibility of IAMHK voting client securities to further its own interests at the expense of the clients' interests.

IAMHK has adopted a Proxy Voting Policy in accordance with Rule 206(4)-6 of the Investment Advisers Act. We generally will not accept instructions or direction from the Funds regarding how to vote proxies.

It is the general policy of IAMHK to vote the Funds' proxies in the interest of maximizing shareholder value, taking into consideration a variety of factors relevant to the facts and circumstances prevailing at the time of the proxy vote. To that end, we will vote in a way that we believe is consistent with our fiduciary obligation to the Funds and which voting is reasonably expected to cause the value of the relevant investments to increase the most or decrease the least.

IAMHK reserves the right to decide not to vote, or to abstain from voting if, in its judgement that, inter alia: the costs associated with voting outweighs the benefits to the Funds; if circumstances makes such abstention otherwise advisable and in the Funds' best interest; the intended effect of the matter proposed for approval by shareholders is inconsistent with the Funds'; or for any other reason as reasonably determined by us.

#### **ITEM 18: FINANCIAL INFORMATION**

IAMHK does not require or solicit the prepayment of fees, does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to any client and has never been the subject of a bankruptcy petition.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

We are not registered or required to be registering with any state securities authorities.