

# SHADOWFALL

Capital & Research, LLP

## ShadowFall Capital & Research LLP Part 2A of Form ADV

5th Floor,  
55 Bartholomew Close,  
London  
EC1A 7BF  
P: +44 (0) 207 952 2805  
E. Compliance@ShadowFall.com

[www.ShadowFall.com](http://www.ShadowFall.com)

July 14, 2021

This brochure (“**Brochure**”) provides information about the qualifications and business practices of ShadowFall Capital & Research, LLP (“ShadowFall”). If you have any questions about the contents of this Brochure, please contact us at +44 (0) 207 952 2805 or Compliance@ShadowFall.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. ShadowFall is an SEC-registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply any level of skill or training.

Additional information about ShadowFall Capital & Research, LLP (“ShadowFall”) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. ShadowFall’s CRD number is 300174.

## **ITEM 2 MATERIAL CHANGES**

ShadowFall has updated its brochure as of July 14, 2021, to reflect a material change to Item 4.

### **ITEM 3      TABLE OF CONTENTS**

<b>ITEM 1</b>	<b>COVER PAGE.....</b>	<b>1</b>
<b>ITEM 2</b>	<b>MATERIAL CHANGES.....</b>	<b>2</b>
<b>ITEM 3</b>	<b>TABLE OF CONTENTS .....</b>	<b>3</b>
<b>ITEM 4</b>	<b>ADVISORY BUSINESS.....</b>	<b>4</b>
<b>ITEM 5</b>	<b>FEES AND COMPENSATION.....</b>	<b>4</b>
<b>ITEM 6</b>	<b>PERFORMANCE-BASED FEES &amp; SIDE-BY-SIDE MANAGEMENT .....</b>	<b>5</b>
<b>ITEM 7</b>	<b>TYPES OF CLIENTS.....</b>	<b>5</b>
<b>ITEM 8</b>	<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES &amp; RISK OF LOSS .....</b>	<b>6</b>
<b>ITEM 9</b>	<b>DISCIPLINARY INFORMATION .....</b>	<b>6</b>
<b>ITEM 10</b>	<b>OTHER FINANCIAL INDUSTRY ACTIVITIES &amp; AFFILIATIONS.....</b>	<b>7</b>
<b>ITEM 11</b>	<b>CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS &amp; PERSONAL TRADING.....</b>	<b>7</b>
<b>ITEM 12</b>	<b>BROKERAGE PRACTICES .....</b>	<b>8</b>
<b>ITEM 13</b>	<b>REVIEW OF ACCOUNTS.....</b>	<b>8</b>
<b>ITEM 14</b>	<b>CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>9</b>
<b>ITEM 15</b>	<b>CUSTODY .....</b>	<b>9</b>
<b>ITEM 16</b>	<b>INVESTMENT DISCRETION .....</b>	<b>9</b>
<b>ITEM 17</b>	<b>VOTING CLIENT SECURITIES.....</b>	<b>9</b>
<b>ITEM 18</b>	<b>FINANCIAL INFORMATION .....</b>	<b>9</b>

#### **ITEM 4      ADVISORY BUSINESS**

ShadowFall Capital & Research, LLP (“ShadowFall”, “the firm”) was formed as a limited partnership under the laws of England and Wales in 2017. ShadowFall’s principal place of business is located in London, United Kingdom. ShadowFall was founded by Matthew Earl on January 25, 2017 and is fully owned by Matthew Earl. ShadowFall is authorized and regulated by the Financial Conduct Authority (the “FCA”).

ShadowFall operates two business activities – discretionary investment management and investment research.

ShadowFall serves as investment adviser to a private fund (the “Fund”), classified as an alternative investment fund in the UK, and separately managed accounts (“SMAs”). The Fund is not offered to or beneficially owned by a US Person, as defined in Regulation S. ShadowFall does not provide research or discretionary or non-discretionary investment advice to individuals.

The investors in the Fund and SMAs that ShadowFall manages have no opportunity to select or evaluate any fund investment. ShadowFall selects all fund investments.

ShadowFall may impose restrictions on investing in certain securities. This is provided for in the Investment Management Agreement (“IMA”) and offering and subscription documents accordingly.

ShadowFall does not participate in any wrap fee programs.

ShadowFall also distributes investment research reports comprised of detailed in-house research into listed companies to institutional clients and hedge funds (collectively “Clients”).

ShadowFall’s research reports are based on analysis conducted internally by ShadowFall employees. ShadowFall’s investment research is classed as non-independent investment research under the rules of the FCA.

Investments in the Fund and SMAs managed by ShadowFall are based on the detailed in-house research that ShadowFall provides to Clients.

The information contained in the research reports includes analysis and commentary that is typically general in nature and is intended to be used as one of many inputs for investment decisions. The content and any conclusions drawn in the research reports will be sourced on the basis of true, fair and open-source information. Any advice offered in the research is general in nature and does not purport to meet the investment objectives or needs of specific Clients, institutions, funds, mandates, or accounts. It is the Client's ultimate responsibility to accept or reject the information provided in any of ShadowFall’s research reports, and Clients should make their own investment decisions based upon their specific investment objectives and financial situation.

Clients may contact ShadowFall directly in connection with the research provided. Clients may also receive communications regarding research directly from ShadowFall, including electronic or phone communications as well as meetings.

Clients may elect to receive different levels of services from ShadowFall.

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

ShadowFall’s compensation for its discretionary investment advisory services is negotiable and varies but ShadowFall typically receives a management fee and, a performance fee. Performance fees are only charged to qualified clients, as defined in Advisers Act Rule 205-3. Performance-based fees are described more fully in Item 6 (below).

Fees for ShadowFall’s research and advisory activities are charged on a fixed basis or on such other basis that may be approved by ShadowFall.

Fees associated with the research are negotiable and are dependent on various factors such as the level of service required. Quarterly fees vary up to \$50,000 per quarter based on the level of service provided.

ShadowFall's fees are either paid quarterly, or bi-annually. ShadowFall does not have the ability or authority to deduct fees from any Client account.

## **ITEM 6      PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

ShadowFall provides discretionary investment advice to the Fund and SMAs.

ShadowFall is entitled to receive a management fee on assets under management and a performance-based fee, as set forth in the relevant IMA and offering and subscription documents, where applicable. These are negotiated individually.

ShadowFall uses the research reports produced and sold to Clients for itself in advising the Fund and SMAs.

There exists a potential conflict between the production and sale of research and the use of that research for ShadowFall's own investment advisory activities. Therefore, ShadowFall has implemented specific internal controls and arrangements to manage this conflict. This conflict is also disclosed to all Clients and Fund investors.

ShadowFall is faced with a conflict of interest, given the possibility of receiving greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

In these circumstances ShadowFall may have an economic incentive to allocate investment opportunities, additional resources or investment professionals to such client and, to the extent such resources are limited, away from other clients.

To address these types of conflicts, ShadowFall have adopted policies and procedures that promote the allocation of investment opportunities fairly in a manner consistent with its obligations as an investment adviser. See Item 12 for additional information on ShadowFall's trade allocation procedures. To further manage these types of conflicts, ShadowFall have implemented policies and procedures, discussed in greater detail below, that are designed in part to manage and mitigate the potential conflicts arising from the management of traditional investment portfolios alongside alternative investment portfolios, including conflicts arising from differences in fee structures.

### **Side-by-Side Managements**

Management of multiple portfolios also gives rise to conflicts of interest. These may include, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees.

Some accounts have higher fees than others. Fees charged to clients differ depending upon a number of factors including, but not limited to, the size of the portfolio being managed, the relationship with the client, the service requirements, or the account type (e.g., separately managed accounts). Based on these factors, a client may pay higher fees than another client in the same strategy. Also, clients with larger assets under management generate more revenue for ShadowFall than smaller accounts. These differences give rise to a conflict that a portfolio manager may favor the higher fee-paying account over the other.

To manage these conflicts, ShadowFall have implemented Side-by-Side Management policies and procedures designed to set out specific requirements regarding the side-by-side management of investment portfolios and how these conflicts are managed.

## **ITEM 7      TYPES OF CLIENTS**

ShadowFall provides discretionary investment advisory services to institutional investors which are classified as "qualified clients", "accredited investors" and "qualified purchasers" within the meaning of the Advisers Act of

1940, Securities Act of 1933 and the Investment Company Act of 1940 respectively. Minimum investment criteria is disclosed in the relevant IMA and offering and subscription documents, where applicable.

ShadowFall offers and sells its investment research to institutional clients and hedge funds only. These may include but are not limited to: managers of registered investment companies and/or private investment funds, pension plans, broker/dealers, and other institutions such as banks, investment advisers, corporations or other business entities.

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

**Methods of Analysis and Investment Strategies.** ShadowFall's research and investment methods are based on objective, empirical analysis and consider a wide range of data.

ShadowFall's strategy focuses on actionable and uncrowded liquid short ideas, relating to Issuers listed in the UK and major European markets that typically have market capitalizations of over a billion pounds (Sterling). ShadowFall's approach ranges from researching into aggressive accounting methods, flawed business models, unethical business conduct and business misrepresentation, or any other matters that could signal a material correction event between market and inherent valuation. Market data used in ShadowFall's analysis comes from publicly available sources.

### **Material Risks Involved – The Fund and SMAs (“The Funds”):**

The investment strategies pursued by ShadowFall, as summarised above, will be subject to normal market fluctuations and other risks inherent in investing in securities.

There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest.

Please refer to the associated risks related to ShadowFall's investment strategy which is disclosed in the relevant IMA and offering and subscription documents, where applicable.

**Material Risks Involved- Research Clients.** Investing in financial markets involves risk of loss that Clients should be prepared to bear, and past performance is not a guarantee of future results.

Clients should not assume that the research provided by ShadowFall is the only guide a Client should use when determining which securities to buy or sell. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment or investment strategy made reference to directly or indirectly in research materials provided by ShadowFall will be profitable, equal any corresponding indicated performance level(s), or be suitable for every investor.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation and utilizing their own financial advisors as they deem necessary. ShadowFall, its affiliates, employees, and any third-party data provider, shall not have any liability for any loss sustained by anyone who has relied on the information contained in any ShadowFall research materials. It is the Client's ultimate responsibility to accept or reject the information provided by ShadowFall.

## **ITEM 9 DISCIPLINARY INFORMATION**

Neither ShadowFall, nor any member of its management team, have been involved in any legal or disciplinary events that would be material to a Client's evaluation of ShadowFall's advisory business or the integrity of ShadowFall's management.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

Neither ShadowFall, nor any affiliates, 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”), a commodity pool operator (“CPO”) or a commodity trading advisor (“CTA”). In addition, neither ShadowFall nor any of its Employees are an associated person(s) of an FCM, a CPO and/or a CTA.

ShadowFall does not recommend or select other investment advisers.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

**Code of Ethics.** All employees of ShadowFall are required to adhere to the highest ethical and business standards, in addition to complying with applicable Federal securities laws. In keeping with SEC Rule 204A-1, ShadowFall has adopted a Code of Ethics, which applies to all of the firm's officers, directors and employees or any other person with independent access to the firm's premises, files and client records, as well as anyone else who provides investment advice on ShadowFall's behalf and is subject to ShadowFall's supervision and control (“Supervised Persons”).

ShadowFall's Code of Ethics deals with a range of topics, including the firm's fiduciary duties toward clients; the need to maintain the confidentiality of information regarding its clients and the investment advice provided; a prohibition on insider trading and the use of material non-public information; and of supervised persons' trading for their personal accounts.

ShadowFall will provide a copy of the Code of Ethics to any client or prospective client upon request. For questions about this Code of Ethics, please contact ShadowFall's Chief Compliance Officer ("CCO"), Kirsty Morris, for assistance at [Compliance@ShadowFall.com](mailto:Compliance@ShadowFall.com).

**Interest in Client Transactions.** ShadowFall is authorized and regulated by the UK Financial Conduct Authority to act as a small authorized UK Alternative Investment Fund Manager (“AIFM”). ShadowFall provides discretionary investment advice to a Cayman-domiciled investment fund (the “Fund”). ShadowFall is also registered with the US SEC to act as a Registered Investment Adviser. ShadowFall advises a segregated managed account for a US institutional client. ShadowFall's discretionary authority permits it to make investment decisions and execute investment transactions for the Fund and segregated managed accounts. This authority creates a potential conflict of interest as ShadowFall may execute trades ahead of the publication of research reports distributed to Clients. ShadowFall mitigates this conflict with policies and procedures designed to ensure that following publication of the research, Clients have a reasonable time to act on the research before ShadowFall can trade.

**Personal Trading.** Advising on securities is the fundamental business of ShadowFall, and personal dealing by supervised persons that in any way endangers the reputation of ShadowFall is not tolerated.

The ShadowFall Code of Ethics sets out personal trading rules for employees and related persons, with the key points as follows:

- a) ShadowFall's personal trading restrictions apply to every account in which a supervised person or member of his or her immediate family has a beneficial interest.
- b) Although ShadowFall does not trade on behalf of Clients, policies are set out to ensure that the fair interests of Clients are not compromised.
- c) ShadowFall supervised persons are discouraged from dealing in IPOs and Limited Offerings (as defined in Rule 204A-1 of the Investment Advisers Act of 1940). IPOs and offerings of limited availability must be pre-approved.
- d) ShadowFall supervised persons must supply the CCO with a list of all his or her securities holdings

within 10 days of being hired, and update this list on an annual basis (a “Holdings Report”).

- e) In addition to the Holdings Reports, supervised persons are also required to report their securities transactions to the CCO on a quarterly basis (“Transaction Reports”) within 30 days of quarter end.
- f) Authors of a research report are not permitted to trade in a security that is the subject of a research report.
- g) Employees are required to hold all positions in securities for a minimum period of 30 calendar days. In exceptional circumstances, and even then only with the prior written permission of the Compliance Officer, employees may be permitted to unwind a position in less than the 30 day period specified.

Some securities are considered exempt from these restrictions, including direct obligations of the U.S. Government, bankers' acceptances, bank certificates of deposit, commercial paper, high-quality short-term debt instruments (including repurchase agreements), shares issued by registered open-end investment companies (including money market funds), and shares issued by unit investment trusts that are invested exclusively in one or more open-end funds.

## **ITEM 12      BROKERAGE PRACTICES**

**Best Execution:** ShadowFall will maintain a list of approved counterparties with whom orders are typically placed. Subject to the terms of the applicable IMA or fund offering documents, ShadowFall will have full discretion to choose a counterparty for executing any order on behalf of its clients and may aggregate orders for multiple clients. In doing so, ShadowFall shall assess and balance a range of all relevant factors, including those set out in its Best Execution and Order Execution Policy, which ShadowFall considers, in its reasonable determination, relevant to achieving the best result for the clients.

**Trade Errors:** ShadowFall will seek to detect trade errors prior to settlement and promptly correct and mitigate any losses arising from trade errors. Trading errors do not necessarily harm the client. In some cases, a mistake may actually improve the client’s return on investment.

If a loss arises as a direct result of a trading error, ShadowFall may reimburse the client or fund as soon as the error has been identified, investigated and rectified in accordance with the IMA and offering and subscription documents, where applicable.

**Research and Other Soft Dollar Benefits:** ShadowFall does not receive third party research or other products or services other than execution from a broker dealer or a third party in connection with client securities transactions.

## **ITEM 13      REVIEW OF ACCOUNTS**

ShadowFall does not hold itself out as providing financial planning.

ShadowFall does not review any accounts or financial plans of its clients and does not make reports to its clients regarding their account.



ShadowFall will however review the investments in the Funds on an ongoing basis and will provide reports, either written or otherwise, to investors on a monthly basis or as otherwise set forth in the applicable IMA, offering, and subscription documents of the Funds.

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

ShadowFall does not receive any economic benefit, from any person who is not a client, for providing research services or investment management services to its clients.

#### **ITEM 15 CUSTODY**

ShadowFall does not claim custody or have any control over US client accounts and assets.

Investors should carefully review monthly statements and audited financial statements upon receipt from the custodian or administrator.

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

ShadowFall has discretionary authority to manage the client assets in a manner consistent with the stated investment objectives and guidelines set forth in the client's governing, offering, and subscription documents.

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

ShadowFall does not hold securities on behalf of US clients and does not vote proxies on behalf of US clients.

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

ShadowFall is unaware of any financial condition that is reasonably likely to impair the ability to meet contractual commitments to clients and ShadowFall has not been the subject of a bankruptcy petition.