

## Part 2A of Form ADV: Firm Brochure

### Item 1 - Cover Page

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The date of this brochure is July 1, 2021.

**This brochure provides information about the qualifications and business practices of Anavrin Capital Management, LP (“Adviser”). If you have any questions about the contents of this brochure, please contact Syed Tariq Ali, at [tariq@anavrincapital.com](mailto:tariq@anavrincapital.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

**Any reference to the Adviser as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

This is the first brochure that Anavrin Capital Management, LP has filed with the State of Texas and, therefore, there are no material changes to report in this Item. In the future, this item will be used to report any material changes in accordance with the instructions to Form ADV.

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**Item 4 - Advisory Business**

Anavrin Capital Management, LP (“Adviser,” “we” or “us”) is a Delaware limited partnership that commenced business operations in January 2021. The general partner of the Adviser is Anavrin GP, LLC (“Anavrin GP”). The Adviser and Anavrin GP are principally owned and controlled by Syed Tariq Ali.

We seek to invest in a portfolio of undervalued securities with an eye towards predictability, margin of safety and vigilance towards risk. We generally invest on behalf of our clients (as defined below) primarily in long publicly-traded equity securities globally. However, we may, from time to time, invest in preferred stock, options on stocks and indices, warrants, bonds, debentures, convertible securities and other debt obligations, exchange traded funds, swaps, forwards, futures, indices, structured and other synthetic securities and related derivative instruments (including those relating to equity securities, equity indices, interest rate products, fixed-income products, currencies and indices), securities of foreign issuers, private equity and nonmarketable investments. We may also sell securities short.

Currently, we subadvise a portion of the investment portfolio of a private investment fund that is operated by a third party (the “Subadvised Fund,” together with any other private investment funds that we may subadvise or manage in the future, the “Funds” and each, a “Fund”). We also provide investment advisory services to separately managed account clients (“SMAs” and, together with the Funds, “clients”). In the future, we may provide discretionary and/or non-discretionary investment advice to other SMA or Funds.

Client accounts are managed in accordance with the investment and trading objectives as described in their respective written agreements with us. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case-by-case basis.

As of June 30, 2021, we managed approximately \$11,370,000 in regulatory assets under management for our clients on a discretionary basis. Currently, we do not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

The extent to and specific manner in which our clients are responsible for fees, performance-based compensation and/or expenses are set forth in each client’s applicable written agreement with us (and, in the case of private investment fund clients that we may manage in the future, in the offering documents for such funds).

In general, we receive our management fees from SMA on a quarterly basis. We generally receive performance-based fees or allocations from SMA on an annual (or greater) basis in arrears. We also may receive performance-based fees or allocations on a withdrawal by an SMA client. We typically have not deducted our fees from SMA, although we may agree with our SMA clients to do so in the future.

Clients generally bear all costs and expenses associated with their accounts, including,

without limitation: (i) all expenses associated with the organization and ongoing administration of such accounts, including legal and accounting fees, (ii) all third party administration, accounting, tax preparation, audit, bookkeeping, governmental fees and taxes and legal and compliance fees and expenses of, or relating to, the accounts, (iv) all expenses incurred for the benefit of the account related to the maintenance and procurement of information technology and data related services, systems and equipment, valuation services, proxy voting services and insurance, (v) all direct and incidental expenses relating to research and due diligence of existing and potential investments (including, without limitation, the use of consultants and attorneys) and research materials, and (vi) all trading and investment related costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges and other transaction costs).

The specific fees, performance-based compensation and/or expenses that are charged to SMAs are negotiated on a case-by-case basis. SMAs will likely have management fee, performance-based compensation and/or expense arrangements that differ in one or more respects from those applicable to the Funds.

Management fees, performance-based compensation and/or expenses may be reduced or waived in certain circumstances, including, without limitation, with respect to investments in Funds by our personnel and/or other related persons. Our clients may pay our management fees in advance. Where management fees for SMAs are paid in arrears, they typically will be prorated in the event of a withdrawal or the termination of the SMA on a date other than the last day of the relevant fee period. Otherwise, management fees and performance-based fees or allocations are generally not refundable, including upon the termination of the advisory contract.

To the extent that we incur any expenses for the benefit of multiple clients, we generally will allocate such expenses in any manner that we deem equitable, taking into account our written agreements with such clients (and, if applicable, offering documents in the case of clients that are Funds) and applicable facts and circumstances, including the relative size of the applicable entity or account, the nature or source of the product or service and the benefits derived from and the extent of use of the product or services. Nonetheless, the portion of an expense that we allocate to a client for a particular product or service might not reflect the relative benefit derived by such client from that product or service in any particular instance. Furthermore, it is possible that under some of our advisory contracts we may not require a client to incur certain expenses, despite the fact that such client will receive a benefit in connection with our incurrence of such expenses. In such an event, our other clients may bear the additional share of any such expenses that would have been allocable to the client that is not required to incur such expenses. Our expense allocations often depend on inherently subjective determinations, but the expense allocations made by us will be in good faith. There may be situations in which the appropriate allocation of expenses in the course of evaluating potential investments may not be clear (for example, if a client and one or more other clients considered making an investment that was not consummated). Expenses will typically be allocated among the clients participating in the relevant investment or potential investment. However, in all cases, subject to applicable legal, regulatory, contractual or similar restrictions, we will make expense allocation

decisions in our sole discretion in good faith.

We may allocate a portion of certain clients' capital to money market funds, exchange-traded funds or similar fee-bearing products, or private investment funds and accounts, that are managed by other investment managers. In that case, such client accounts generally would be responsible for paying any and all fees, performance-based compensation and expenses associated with such products, which would be in addition to those discussed above.

The Adviser and its personnel generally can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients and client portfolio investments, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as a client expense typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is borne by clients. The value of such benefits and perquisites will neither be subject to an offset against fees or expenses payable by clients nor will they otherwise be shared with clients and/or portfolio investments.

In some cases, our clients will agree to pay or reimburse some or all of our overhead expenses.

For a summary of our brokerage practices, see Item 12 below.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

As generally described above in Item 5, our clients pay management fees and/or pay or reimburse some or all of our overhead expenses. In addition, we are entitled to receive performance-based compensation (which is based on a percentage of the capital appreciation of client assets or the return on invested capital) from certain clients. Performance-based compensation may take the form of a performance allocation, performance fee, carried interest or other payment, subject to a high-water mark and/or a hurdle. Clients and Fund investors are provided with detailed disclosure in their written agreements with us and the applicable offering documents of such Fund, as applicable, as to how the relevant performance-based compensation is calculated and charged. Performance-based compensation will conform to Texas Securities Board Rule § 116.13(b) and Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in each case to the extent applicable.

The terms of the compensation that we receive may differ among client accounts that we advise. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor an account from which we are entitled to receive greater compensation over other accounts. To avoid such a conflict of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the compensation to which such accounts are subject.

We generally allocate investment opportunities so that each security held by the accounts

that we manage following a substantially similar investment strategy is held on a *pari passu* basis. In certain circumstances, we may allocate securities among client accounts on a different basis. In such cases, the factors that we may consider when determining which securities to allocate to each client account include (but are not limited to): the relative amounts of capital in each client's account available for new positions of the type at issue; the mandate of each client account; our perception of the appropriate risk/reward ratio for each client account; the intended objective and strategy of each client account and any applicable investment or risk targets, restrictions or guidelines; the liquidity of each client account at the time of investment and thereafter; the ability to add positions to a client account on a leveraged basis; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; whether the position is an "odd lot"; whether certain accounts would receive nominal or de minimis allocation amounts; transaction costs; position size; industry exposure; market exposure; gross, net, long and short exposure; applicable legal, tax and regulatory considerations; the overall portfolio composition of each client account; and such other considerations that we determine to be relevant at such time. New issues (as defined by FINRA Rule 5130) are generally allocated to client accounts in accordance with the criteria set forth above to the extent that such accounts are eligible to participate in new issues.

Notwithstanding the foregoing, there can be no assurance that certain allocation decisions will not directly or indirectly adversely affect our clients, even if such decisions are made in good faith. Allocations are subject to a significant degree of discretion exercised by us, including, but not limited to, in connection with portfolio rebalancing, investing in new, different or additional investment strategies and in connection with admissions and withdrawals of investors to and from the private investment funds that we manage. Even allocations designed to mitigate conflicts do not eliminate the possibility that an allocation of assets will not adversely affect our clients.

We will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, a client solely because we purchase or sell the same security for, enters into a transaction on behalf of, or provides an opportunity to, another client if, in our reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for such other client.

Our personnel and/or other related persons may invest in one or more of our clients. In such case, we may have an incentive to favor client(s) in which they have a greater economic interest and/or may have a conflict of interest in allocating investment opportunities among those client accounts and other client accounts. In order to mitigate these potential conflicts, we will generally follow the documented procedures referenced above.

Management fees and performance-based compensation are based on the net asset value of client accounts. In most circumstances, the valuations of client assets will be based on independent market quotations from relevant counterparties, but obtaining such valuations is not required in each instance. In making valuation determinations, we may be deemed subject to a conflict of interest, especially with respect to securities or other financial instruments which are not traded on an organized or liquid market, as the valuation of such

assets and liabilities affects our compensation and the compensation of our affiliates. There is no guarantee that the value determined with respect to a particular client asset or liability by us will represent the value that will be realized by such client on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment, and the difference between such value and the ultimate disposition price could be material. To the extent we are responsible for valuing a client's assets, we will follow our documented valuation policies in order to mitigate these risks.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause clients to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on clients' net asset value and profitability. We recognize that we have a fiduciary duty and as such must act in the best interests of our clients.

Clients and investors in the Funds are urged to review their applicable investment management agreements and/or offering documents for information regarding the specific fees, performance-based compensation and expenses applicable to them.

### **Item 7 - Types of Clients**

Currently, we provide investment advice to private investment funds and institutional clients (such as universities and/or their endowments) that are "qualified clients" (as defined in Rule 205-3 of the Advisers Act). Investors in such private investment funds will generally qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and "qualified clients," and may be subject to other suitability requirements to the extent provided in the applicable private investment fund offering documents. We may provide investment advice to other types of clients in the future.

We currently do not, and do not intend to, provide investment advisory services to retail investors or other non-high net worth individuals.

We will determine the minimum investment amount (and any other conditions for opening and maintaining an account) for our clients on a case-by-case basis.

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

We seek to invest in a portfolio of undervalued securities with an eye towards predictability, margin of safety and vigilance towards risk. Strict adherence to this process may frequently result in a concentrated portfolio, because competitive markets combined with limits to our mental aptitude make investments with extremely favorable risk/reward characteristics exceedingly rare.

We seek to invest primarily in long publicly-traded equity securities globally. However, we may, from time to time, invest in the following non-exhaustive list of securities: preferred stock, options on stocks and indices, warrants, bonds, debentures, convertible securities and other debt obligations, exchange traded funds, swaps, forwards, futures, indices, structured and other synthetic securities and related derivative instruments (including those relating to equity securities, equity indices, interest rate products, fixed-

income products, currencies and indices), securities of foreign issuers, private equity and nonmarketable investments. We may also sell securities short.

The development of an investment strategy for each of our clients is an ongoing process. The strategies, techniques and methods described above will therefore be modified by us from time to time and over time. There is no limitation on the investment strategies, techniques, methods or processes which we may adopt for any particular client or the factors that we may take into account in analyzing investments for our clients. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives, or employ other strategies, techniques, methods or processes, that we consider appropriate and in the best interest of our clients, without notice to them or their consent, except to the extent that our written agreement with a client may provide otherwise.

The above description of our investment strategies, techniques, methods and processes is intended only as a general overview, and is subject to the specific terms of our written agreements with clients.

### Risk of Loss

A brief summary of the material risks involved with our significant investment strategies and methods of analysis follows. An investment in an SMA or a private investment fund involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with such an investment. Investors are urged to review the written agreement or offering documents applicable to their investment for additional information concerning the risks applicable to them. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

General Investment and Trading Risks. All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, a client could experience losses. No guarantee or representation is made that a client's investment program will be successful, that a client will achieve its targeted returns or that there will be any return of capital invested to clients. In addition, investment results may vary substantially over time.

Business Dependent upon Key Individual and Individual Judgment. Our operations are dependent upon our portfolio manager, Syed Tariq Ali. The individual judgment and discretion of Mr. Ali are fundamental to the implementation of our strategies. There can be no assurance that such individual judgment will be accurate, achieve profits or avoid losses. If Mr. Ali were to become unable to directly participate in our management, the consequences may be material and adverse and may lead to the premature termination of our management of client assets.

Changes in Investment Strategy. We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria, or hedging techniques used by a client without the consent of the client,



unless provided otherwise in our written agreement with such client. Any of these new investment techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful investments and, ultimately, losses to clients. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of loss by clients.

*Investment Analysis.* When assessing investment opportunities, the Adviser relies on resources that may have limited or incomplete information. In particular, the Adviser relies on publicly available information and data filed with various government regulators. Although the Adviser expects that it will evaluate information and data as it deems appropriate and will seek independent corroboration when reasonably available, the Adviser will not evaluate all publicly available information and data and is not in a position to confirm the completeness, genuineness or accuracy of the information and data that it evaluates.

As a result, there can be no assurance that the due diligence exercise carried out by the Adviser will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities. Any failure to have identified the relevant facts may result in an inappropriate investment decision, which may have a material adverse effect on the value of any investment.

*Concentration of Investments.* While a client generally is not restricted in the amount of its capital that it may commit to any issuer, security, industry sector or geographic region, the Adviser employs a highly concentrated approach to investing. As a result of employing a highly concentrated approach, client portfolios will likely not be broadly diversified and at times clients may hold a relatively large concentration in a limited number of issuers, securities, industry sectors and/or geographic regions. Losses incurred in connection with those investments could have a material adverse effect on our clients' overall financial condition. This is because the value of a client's investment portfolio will be more susceptible to any single occurrence affecting one or more of those issuers, securities, industry sectors or geographic regions than would be the case with a more diversified investment portfolio.

*Equity Securities.* We will invest in equity and equity-related securities on behalf of our clients. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect client positions.

*Small to Medium Capitalization Companies.* We may invest client assets in the stocks of companies with small- to medium-sized market capitalizations. While the Adviser believes these investments often provide significant potential for appreciation, these stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often

more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

*Fixed Income Securities.* We may on behalf of our clients trade in bonds and may trade in other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

We may on behalf of our clients trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

*Hedging Transactions.* We may on behalf of our clients utilize financial instruments, both for investment purposes and for risk management purposes, in order (i) to protect against possible changes in the market value of a client's portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) to protect a client's unrealized gains in the value of a client's portfolio, (iii) to facilitate the sale of any such investments, (iv) to enhance or preserve returns, spreads or gains on any investment in a client's portfolio, (v) to hedge the interest rate or currency exchange rate on any of a client's liabilities or assets, (vi) to protect against any increase in the price of any securities a client anticipates purchasing at a later date, or (vii) for any other reason that the Adviser deems appropriate.

The success of a client's hedging strategy will depend, in part, upon the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a client's hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a client than if it had not engaged in such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a client from achieving the intended hedge or expose a client to risk of loss. The Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the

occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a client's portfolio holdings.

*Foreign Investments.* We may on behalf of our clients trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. A client might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which, in some markets, could at times fail to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect a client's performance.

*Risk of Default or Bankruptcy of Third Parties.* We may on behalf of our clients engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. See "CERTAIN RISK FACTORS—Counterparty Risk" for additional details. In addition, a client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which a client does business, or to which securities have been entrusted for custodial purposes. For example, if one of a client's prime brokers or custodians were to become insolvent or file for bankruptcy, a client could suffer significant losses with respect to any securities held by such firm.

Additionally, under U.S. Commodity Futures Trading Commission (the "CFTC") regulations, "futures commission merchants" ("FCMs"), such as a client's prime brokers, are required to maintain customers' assets in a segregated account. If a client's FCM fails to do so, under certain circumstances, such as the inability of another customer of the FCM or the FCM itself to satisfy substantial deficiencies in the other customer's account, a client may be subject to a risk of loss of its assets on deposit with such prime broker. In the case of any bankruptcy or customer loss, a client might recover, even with respect to property specifically traceable to a client, only a *pro rata* share of all property available for distribution to all of the FCM's customers.

*Currency Risks.* We may on behalf of our clients invest in securities and other instruments denominated or quoted in currencies other than the U.S. Dollar. In connection therewith,

the Adviser may hedge against the resulting currency exposure wherever economically prudent. However, changes in currency exchange rates will affect the value of a client's portfolio and the unrealized appreciation or depreciation of investments. Additionally, such hedging transactions may include a credit component pursuant to which a client may be required to grant to its hedging counterparty a security interest in certain of its assets. Accordingly, in such a case, if a client defaults with respect to a currency hedging transaction, then the hedging counterparty could lay claim to an interest in such assets.

Further, a client may incur costs in connection with conversions between various currencies. Foreign currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a client at one rate, while offering a lesser rate of exchange should a client desire immediately to resell that currency to the dealer. A client will conduct its currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market. A client may also take speculative positions in currencies, which will be subject to the same risks discussed above.

*Purchasing Securities of Initial Public Offerings.* We may on behalf of our clients purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for a client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

*Price Risk.* For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which a client invests may decline or rise substantially. In particular, purchasing assets at prices that may appear to be "undervalued" is no guarantee that such assets will not be trading at even more "undervalued" levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be "overvalued" is no guarantee that such assets will not be trading at even more "overvalued" levels at the time of valuation or at the time of sale.

*Loans of Securities; Pledge of Assets.* Pursuant to master securities lending agreements or similar agreements, a client may lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in the form of cash and securities in an amount equal to or greater than the current market value of the loaned securities, including any accrued interest or dividend receivable. During the term of such loan, a client will not retain all incidents of beneficial ownership as to the loaned portfolio securities, including voting rights. It will, however, generally retain the rights to interest or other distributions, and will have the right to regain record ownership of the loaned securities to exercise such

beneficial rights. Such loans will be terminable at any time upon sufficient notice to the other party.

It should be noted that, pursuant to a client's account agreement with prime brokers, the prime brokers may, under certain circumstances, lend securities to third parties without notice to a client and without providing any collateral to a client. If a prime broker makes such loans of securities from a client's account, a client may not be able to vote such securities. In addition, if a prime broker were to become insolvent in the United States, a client would not have a claim against any specific assets of such prime broker, but would have a claim against the pool of assets held for the benefit of such prime broker's customers. Jurisdictions outside of the United States may not provide any similar rights to a client.

*Herding Risk.* The substantial growth of the hedge fund industry and funds trading large highly-leveraged positions of the same nature as those held by other funds have augmented herding risks. While the Adviser typically strives not to invest, on behalf of a client, in securities and/or other instruments that are broadly followed by other funds, such funds may later discover opportunities in the same securities and/or other instruments in which a client has already invested. Whatever the "fair price" of a security, instrument or a relationship, its trading price is sometimes radically altered or influenced by the market activity of traders executing parallel trading programs. This factor may provide surprising and sudden losses at unpredictable times, even after long periods of calm. The negative impact of herding is greatest when markets are under stress and traders holding large leveraged positions seek to liquidate or cover positions simultaneously.

*Inside Information.* From time to time, the Adviser and its affiliates may come into possession of inside information concerning specific companies. Under applicable securities laws, this may limit a client's ability to buy or sell securities issued by such companies. If a client holds the securities of a company with respect to which the Adviser is in possession of inside information, a client may be restricted from trading the securities of such company for an indefinite period of time, which could result in losses to a client.

*Significant Positions; Shareholder Activism.* We may on behalf of our clients take significant positions in portfolio companies that result in a client acquiring (i) more than five percent (5%) of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC, or (ii) more than ten percent (10%) of a class of securities of a single issuer (which would impose certain limitations on a client's ability to trade in such securities, including the restrictions of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act")).

At times a client may engage in proxy contests, takeover bids, shareholder class actions or other litigation, or other activity which may place a client in a high-profile position which is adverse to issuer management and/or other security holders. A client may, as a result of such techniques or otherwise, obtain a controlling or other substantial position in any public or private company. A client may become subject to regulatory proceedings or other litigation.

At various times, the Adviser may agree with unrelated third parties to coordinate investments in activist positions. If any such third parties suffer damage to their reputation, a client may also incur damage to its reputation as a result of the group association. The Adviser may agree with such parties not to purchase and/or sell the applicable securities or related securities without the consent of such parties and may agree with such parties to vote or not to vote such securities in a certain manner. This may result in a client being unable to engage in certain transactions when the Adviser would otherwise deem it desirable. Under U.S. law, the formation of a “group” may result in a client’s being deemed to own in excess of ten percent (10%) of an issuer’s securities even when a client’s position itself is less than ten percent (10%) thereby resulting in “short-swing” transaction reporting and potential forfeiture obligations.

A client’s ability to realize value from certain of its positions may depend upon the ability of the Adviser to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin-off, sale of the business or change in management. If the Adviser is incorrect in its assessment of the impact such action will have on the value of the portfolio company, or if it is unsuccessful in persuading the portfolio company’s management to take the desired action, a client may sustain a loss on its position.

*Changes and Uncertainty in U.S. and International Regulation.* Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which a client’s assets are exposed through their investments or investor base. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause the Adviser to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve a client’s investment objectives.

In the United States, the Adviser and its clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the rules promulgated thereunder could result in a client and the Adviser becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to a client. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on a client and the Adviser is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made. There is speculation that some of the provisions of the Dodd-Frank Act and rules and regulations promulgated thereunder may be revised, repealed or amended. The impact

of any such changes is unknown.

*Market Disruption Events and Geopolitical Risks.* We may on behalf of our clients trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a “Market Disruption Event”), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for the Adviser to value the positions that trade in the affected markets, and a client may be exposed to significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a client’s investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear a client’s trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of a client to trade its positions. Market Disruption Events could also have a direct physical impact upon a client’s and/or the Adviser’s operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While the Adviser has taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that a client would not suffer material adverse consequences should a Market Disruption Event occur.

*Business Continuity.* Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt the Adviser’s business and operations, or the business and operations of any counterparty or service provider to the Adviser or a client, and a client may be adversely affected thereby. For example, if a significant number of the Adviser’s personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), the Adviser’s ability to effectively conduct a client’s business could be severely compromised. In addition, the cost to a client, the Adviser or its affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While the Adviser has adopted certain policies and procedures designed to restore and/or continue its business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and a client may be adversely affected thereby.

*Coronavirus and Global Health Events.* Epidemics, pandemics and other widespread public health problems could adversely affect a client's performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries and resulting in financial disruptions of an extent that remains unclear. On March 11, 2020, the World Health Organization assessed that the outbreak can be characterized as a pandemic. Many countries have been imposing increasingly stringent restrictions on travel and strict measures of social distancing.

As the final impact on global markets from COVID-19, or future epidemics, pandemics or other health crisis, is impossible to predict, the extent to which any such crisis may negatively affect a client's performance or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to this pandemic have resulted in and are expected to continue to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to such an outbreak have caused and are expected to continue to cause uncertainty in the markets and businesses and have adversely affected and are expected to continue to adversely affect the performance of the U.S. and global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to such an outbreak, governmental fiscal and economic measures have led, and will likely continue to lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and the global economy. Although vaccines for COVID-19 have started to be distributed, it is impossible to predict when or whether the disruptions caused by the COVID-19 pandemic will end.

The impact that pandemics and other public health events have on the performance of a client in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, particularly in the United States, all of which are beyond the Adviser's control.

#### **Item 9 - Disciplinary Information**

There have been no legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

As described above in Item 4: (i) the Adviser and Anavrin GP are principally owned by Syed Tariq Ali, and (ii) we currently subadvise a portion of the investment portfolio of the



Subadvised Fund, which is operated by a third party.

We and our affiliates are subject, and each of us and our clients are exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on our clients (and on investors in the Funds). However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of any client. When a conflict of interest arises, we will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with our fiduciary duties to the relevant client(s). We have in place policies and procedures that we believe are reasonably designed to identify and resolve actual and potential conflicts of interest. However, there can be no assurance that these policies and procedures will be successful in identifying or mitigating all actual or potential conflicts of interest.

Our management of clients may result in conflicts of interests when we and our related persons allocate time and investment opportunities among our clients (including clients in which we or our related persons may be invested). In addition, terms regarding fees and performance-based compensation may differ among our clients. This may result in a conflict of interest when we allocate opportunities among our clients because we have an incentive to favor clients that have higher fee and/or performance-based compensation arrangements as well as clients in which we or our related persons have invested. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the fees or performance-based compensation to which such clients are subject or the investment in such clients by us or our related persons.

The Adviser, its principals and affiliates may determine, in their sole discretion, to participate in investments with persons not affiliated with our clients. In addition, we may offer to certain clients, or to any third party, the opportunity to co-invest in opportunities in which a client has invested or that become available to a client. We may offer such opportunities to investors that we select in our sole discretion without notice to or the consent of any other client or investor. The economic and other terms of any co-investment will be determined by us in our discretion on a case-by-case basis, and we may receive fees and/or allocations from co-investors, which may differ among co-investors and also may differ from the fees and/or allocations borne by our clients (or investors in the Funds).

Certain advisors and other service providers, or their affiliates, to our clients may also provide services to or have business, personal, familial, political, financial or other relationships with us or our affiliates. Such advisors and service providers may be our clients or investors in the Funds, sources of investment opportunities for us or our clients, or co-investors with or counterparties to transactions involving the foregoing. These relationships may influence us in deciding whether to select or recommend any such advisor or service provider to perform services for our clients (the cost of which will generally be borne directly or indirectly by such clients). Notwithstanding the foregoing, we will generally seek to engage advisors and service providers for our clients on the basis of, without limitation, the overall quality of advice and other services provided.

In addition, we have a conflict of interest where a service provider (*e.g.*, legal counsel or

accountants) provides services directly to us or one of our affiliates, and separately provides services to one or more clients, in that we or our affiliates may potentially obtain services at a lower cost (or obtain other terms that are more beneficial) than we or our affiliates otherwise could have as a result of the service provider's work performed on behalf of, and the compensation paid to the service provider by, such clients. In particular, unless inconsistent with our applicable written client agreement, costs associated with services rendered to the benefit of a client may be borne by such client. We and our affiliates may use some of the same service providers as are retained on behalf of one or more clients and, in some cases, fee rates, amounts or discounts may be offered to us and our affiliates by a third-party service provider which differ from those offered to a client as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation.

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

It is possible that our employees may invest in the same securities (or related securities, such as warrants, options or futures) that we recommend to clients. As a result of differing trading and investment strategies or constraints, positions taken by our employees can be the same as or different from, or made contemporaneously or at different times than, positions taken for our clients. As these situations involve potential conflicts of interest, we seek to identify and prevent actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. For example, generally, our employees disclose their personal securities holdings on an initial and annual basis, and their personal securities transactions quarterly, which is designed to address potential conflicts of interest that might interfere or appear to interfere with making decisions in the best interest of our clients.

Subject to applicable law, we may effect transactions between clients (generally for rebalancing purposes and to correct misallocations of trades) where one client will purchase securities from another client (including a private investment fund or account in which we, our affiliates, principals or employees may have a significant interest). Such transactions (*i.e.*, cross trades) will be effected only when we believe that such transactions are in the best interest of the applicable clients. Such transactions will be placed through an unaffiliated broker-dealer or custodian, will not involve any accounts subject to ERISA, and will be effected for cash consideration, at prices that reflect prevailing market conditions. In addition, no brokerage commission or transfer fee will be paid to us or our affiliates in connection with any such transaction. Any transaction costs incurred in connection with any such transaction will be shared *pro rata* between the applicable clients.

In the event that we effect a cross trade between an account in which we or our principal owns more than twenty five percent (25%) and a client account, such transaction may be deemed to be a principal transaction. Such transactions would create a conflict of interest for us because we may put our or our principal's interests in such accounts before the interests of our client in the other account. To the extent required by applicable law, we will not effect any cross trades between accounts if we believe that such trade would result in a principal transaction, unless:

- 1) We believe that such transaction is in the best interest of the clients participating in the transaction; and
- 2) We obtain the consent of the applicable clients.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including Funds which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We will generally seek to aggregate trades, as described below in Item 12 under “Aggregation of Orders,” to avoid any such conflict of interest.

## **Item 12 - Brokerage Practices**

### Selection of Brokers

In placing portfolio transactions for our clients, we seek to obtain the best execution for clients’ accounts, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We have not committed to provide any level of brokerage business to any broker to date, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

We have adopted policies and procedures intended to seek best execution on an ongoing basis for securities transactions, based upon the aforementioned factors. We periodically evaluate the execution performance of the broker-dealers we use to execute client transactions. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

In the event that we direct client transactions to a particular broker-dealer in return for soft dollar benefits, we will generally follow the same practices described above when selecting such broker-dealer.

### Research and Other Soft Dollar Benefits

Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities

transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. In the event that we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we would receive a benefit because we do not have to produce or pay for the research, products or services. We believe that this conflict is mitigated because our clients will generally pay for research as a “hard dollar” expense pursuant to their respective investment management agreements. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients’ interests in receiving most favorable execution.

We currently do not have any soft dollar arrangements in place that would commit our clients to any implied or explicit level of trading, but we may in the future. However, we execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

In the event that we engage in soft dollar transactions, we intend to comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services (collectively, “Research”) provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, our clients may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research that we acquire from brokers may include, among other things, proprietary research, which may be written or oral. Research products that we acquire from brokers may include, among other things, databases and quotation services, and Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. We may in the future acquire other Research with client brokerage commissions in accordance with our policies and procedures.

Research provided by brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar benefit.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

#### Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

#### Trade Errors

Subject to applicable law and the terms of our written agreements with clients, our clients will (i) be responsible for any losses resulting from trading errors and similar human errors, absent our willful misconduct or gross negligence, which, for the avoidance of doubt, will not include errors in judgment or mistakes made in good faith, in the performance of our obligations and duties (or those of our affiliates or personnel) in respect of our clients, and (ii) receive the gain from such trading errors, as the case may be.

We face a potential conflict of interest because, should a trade error occur, generally we (and not an independent third party) would be the party that determines whether such trade error resulted from our willful misconduct or gross negligence. However, notwithstanding this potential conflict of interest, in all cases, we would make such determination in good faith.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

#### Aggregation of Orders

We will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an

aggregated order is only partially filled, we will allocate the investment opportunity as described above in Item 6.

We may also aggregate orders for the same security entered at the same time, with the same side, direction and the same execution instructions, subject to the allocation considerations described above in Item 6.

Clients may pay more to the extent that we do not, or are unable to, aggregate trades, as seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions and/or trade execution. A client's nonparticipation in bunched trades may result in lost opportunities to purchase securities for such client's account that other clients participating in bunched trades were able to purchase.

Our brokerage practices, including our ability to receive soft dollar benefits or to enter into soft dollar arrangements or similar arrangements, as described above, may differ for certain clients based on the client's applicable written agreement with us.

### **Item 13 - Review of Accounts**

Client accounts are typically reviewed by our principal owner, Syed Tariq Ali, on a daily basis for conformity to the objectives and risk criteria applicable to such accounts, and compliance with any applicable investment guidelines and restrictions.

We may provide certain additional information to any investor, or prospective investor, in a Fund (or to any of our clients or prospective clients) who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors (or other clients or prospective clients) who do not request such information. Such information may affect a prospective investor's (or prospective client's) decision to invest, and investors and clients (which may include our personnel, affiliates and/or related persons) who receive such additional information may be able to act on such additional information and redeem their investments potentially at higher values than other investors (or clients). Each investor and client is responsible for asking such questions that it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

We may provide clients with reports in such forms and at such times as such clients and we may agree. For example, some SMA clients will receive a monthly reconciliation written statement comparing the Adviser's records for the account with the administrator's records.

The custodians of any SMA that we manage may send account statements to the owners of such accounts. In general, since an SMA client directly owns the positions in its SMA, such client may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of any private investment funds that we may manage.

in the future. SMA clients may have the right to withdraw all or a portion of their capital from such SMA on shorter notice and/or with more frequency than the terms applicable to an investment in any such private investment funds.

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

Other than the circumstances described above in Item 12, we do not receive any economic benefits from non-clients in connection with the provision of investment advice or other advisory services to our clients.

If a client is introduced to us by a third-party placement agent, we and/or our affiliates may pay that placement agent a referral fee. Any such referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client, unless the client agrees otherwise in its applicable written agreement with us. Placement agents are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated in connection with the investment of their clients' assets with us or in the Funds.

#### **Item 15 - Custody**

Client funds and securities are maintained by qualified custodians to the extent required by Texas Securities Board Rule §116.17. Our separately managed account clients will receive account statements from the custodians for such accounts, and are urged to carefully review those statements. To the extent that such account owners were to also receive account statements from us (which currently is not expected), they are urged to compare those statements with the statements that they receive from their custodians.

#### **Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. Clients give us this discretionary authority when they enter into a written agreement with us.

On a case by case basis, clients (other than Funds that we may manage rather than subadvise) may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.

#### **Item 17 - Voting Client Securities**

We have the authority to vote proxies on behalf of the Funds. We may be delegated the authority to vote proxies for other client accounts to the extent provided in a written agreement with a particular client.

We have adopted proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to client securities, such proxies are voted in the best interests of such clients, and that any material conflict of interest between our interests and the interests of our clients will be resolved in a manner that is consistent with the best interests of clients and in a manner not affected by such conflict of interest.

To the extent that we are authorized to vote proxies for a client account, invest in a security for a client account for which a proxy vote may arise and receive timely notice of such proxy from the client's custodian, we will be guided by general fiduciary principles and will seek to act in a manner intended to enhance the overall economic value of the applicable security. There may be times (which may be frequent) when we are authorized to vote proxies for a client account and determine that refraining from voting is in the best interest of that client. For example, we may refrain from voting a client proxy when (without limitation) (i) the economic effect on shareholder's interests or the value of the portfolio holding is indeterminable or insignificant; (ii) voting the proxy would unduly impair the investment management process; or (iii) the cost of voting the proxies outweighs the benefits or is otherwise impractical. In addition, we may abstain from voting a proxy on behalf of our clients' accounts due to (1) de minimis holdings; (2) de minimis impact on the portfolio; (3) contractual arrangements with clients; (4) their authorized delegates or the failure of a proxy to provide sufficient information to allow for informed decision making; and/or (5) items relating to non-U.S. issuers (such as those described below). We may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may have a detrimental effect on our ability to vote the proxy. These issues may include, but are not limited to: (a) proxy statements and ballots being written in a foreign language; (b) untimely notice of a shareholder meeting; (c) requirements to vote proxies in person; (d) restrictions on non-U.S. person's ability to exercise votes; (e) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting (*e.g.*, share blocking); or (f) requirements to provide local agents with power of attorney to facilitate the voting instructions.

To the extent that we have discretion to participate in class action lawsuits filed against companies or issuers in which our clients are invested, we may participate in such class action lawsuit if we believe that such participation is in the best interest of our clients on a case-by-case basis.

We may engage a third-party proxy voting service to vote proxies on behalf of clients and in such case, we may, when it is believed to be in the best interest of clients, adopt such third-party's proxy voting policies and guidelines; the cost of any such third-party proxy voting service may be borne by such clients, as applicable. If engaged, we generally expect that we would vote with the advice of the third-party proxy voting service whose recommendations are intended to be in the best economic interest of investors; however, we may override any recommendation of such proxy voting service that we do not believe is in the best interest of our clients.

In the event that we do not accept proxy voting authority over a client's securities, we generally will not accept questions about particular solicitations from such client, who should contact its custodian to coordinate receipt of proxies and other solicitations directly from the custodian.

We currently do not permit clients to direct our vote in a particular solicitation. We may enter into arrangements with clients or other investment managers pursuant to which such clients or managers have responsibility to vote proxies according to their own policies and procedures or wishes (such as in the event that we advise a separately managed account or



act as a sub-adviser to a private investment fund managed by a third-party manager).

A client may obtain a copy of our proxy voting policy and procedures upon request, as well as information about how we voted the client's securities, by contacting us at the address on the cover page of this brochure.

### **Item 18 - Financial Information**

Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Item 19 - Requirements for State-Registered Advisers**

As described above in Item 4, and in Schedules A and B to Part 1A of our Form ADV, Syed Tariq Ali is our principal owner and management person. Please see Part 2B of our Form ADV for a description of Mr. Ali's formal education and business background.

Currently, the Adviser is not actively engaged in any business other than giving investment advice.

Please see above in Items 5 and 6 for a description of the performance-based compensation that we receive and how such compensation will be calculated. Performance-based compensation may create an incentive for the Adviser to recommend an investment that may carry a higher degree of risk to the client.

Neither the Adviser nor its management person (i.e., Mr. Ali) has been involved in any arbitration claim or other proceeding for which disclosure would be required under this Item 19.

Neither the Adviser nor its management person currently has any relationship or arrangement with any issuer of securities that is not listed above in Item 10.