

# Capital Four US Inc.

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Part 2A of Form ADV

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This brochure provides information about the qualifications and business practices of Capital Four US Inc. (“Capital Four”). If you have any questions about the contents of this brochure, please contact us at 917-376-6344. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## **Item 2. Material Changes**

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This is Capital Four's first brochure and therefore there are no material changes to report.

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### Item 4. Advisory Business

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Capital Four US, Inc. (“Capital Four” or the “Firm”) was formed in February 2021 and in July 2021 became a wholly owned subsidiary of Capital Four Holding A/S, a financial holding company based in the Kingdom of Denmark. The Firm’s headquarters is located in New York. The Firm will specialize in managing credit-related investments for its Clients.

Capital Four will provide investment management services as the investment adviser or sub-adviser to funds domiciled or located within or outside of the United States (“Funds”). Capital Four also expects to act as the collateral manager to special purpose vehicles that will issue collateralized loan obligations (i.e., “CLOs”). The Funds and CLOs are collectively referred to as “Clients” herein.

Capital Four’s investment management services will be provided to Clients on a discretionary basis, and tailored in accordance with each such Client’s investment strategy as set forth in the applicable private placement memorandum (or other applicable disclosure documents), partnership agreement (or similar governing document) and/or investment management agreement (each a “Governing Document,” and collectively, the “Governing Documents”). Capital Four’s investment strategies are further described below under *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss*.

As of the date of this Brochure, Capital Four advises \$0 in regulatory assets under management on a discretionary basis. Capital Four does not currently and does not expect to manage assets on a nondiscretionary basis.

As set forth in such Fund's operating and disclosure documents, shares or limited partnership interests will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"); nor will the Funds be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Funds will be offered and sold exclusively to Investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

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

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### *Funds*

Capital Four will charge a management fee as well as an incentive fee in accordance with the Funds' Limited Partnership Agreements ("LPAs"). The information provided in this brochure regarding fees and expenses is not intended to be complete or final and is qualified in its entirety by the LPAs for the Funds. Investors should read and review the Governing Documents of the respective Fund to fully understand the types of fees and expenses that are paid for by the Fund.

Except as noted below, the Funds, as to each investor, will pay Capital Four a quarterly management fee in arrears that is based on the net assets attributable as to each Investor as of the last day of each calendar quarter. The management fee will be adjusted for contributions and withdrawals made during the quarter.

Except as noted below, the Funds, as to each investor, may also pay a performance fee based on the net profits allocated to each Investor's capital account subject to a high water mark. The performance-based fee will include unrealized gains and losses, if any. When calculating the performance-based fee, net profits will be reduced by the management fee and losses and expenses incurred by the Funds, as more particularly described in the LPA of each Fund.

Capital Four reserves the right to vary the fees as to particular investors by separate agreement and to reduce or waive any fees at any time without entitling any other investor to a waiver or reduction. Capital Four may waive or reduce the fee for its own capital and that of its constituent partners, affiliates, and employees, and family members of the foregoing.

In addition to the fees noted above, the investors will also indirectly bear the fees and expenses charged to the Funds. The Funds will bear certain costs in connection with their organization, as more particularly described in the LPA of each Fund.

The Funds will generally bear their own operating costs. Such fees and expenses will vary but generally include the following: commissions and other trading-related costs (discussed further in the *Brokerage Practices* section); costs of systems, facilities, and third-party services for order placement, order management, and related functions; certain costs related to the researching,

acquiring, holding and/or monitoring of assets and potential investments (including, among other things, costs arising out of such activities as third party investigative, analytical, and/or reporting services, systems that conduct portfolio analytics, and participation in creditors' or equity-holders committees, both formal and informal); costs of quotation or pricing services/software; audit, accounting, tax preparing and reporting, third-party administration, and other professional fees and expenses; legal fees (including fees paid to Capital Four's counsel for services for the Funds' benefit); transfer, withholding, income, stamp, and other taxes and duties; custodial and bank service fees; costs of reporting to investors; costs of Fund meetings and other governance activities; reimbursable expenses of the members of any Advisory Committee; registration, filings, and licensing costs by governmental and self-regulatory organizations and costs of compliance with regulatory or reporting requirements applicable to the Fund (including Schedules 13D or 13G, Forms D, and Forms 3 and 4); the Fund's allocable share of the costs of directors and officers, errors and omissions, and other types of insurance maintained by Capital Four or the Funds; and fees and expenses paid or reimbursed to the administrator; and all other reasonable expenses related to the Fund's operations or the purchase, sale or transmittal of assets.

Since Capital Four intends to manage multiple Clients, if a particular expense relates to more than one Client, Capital Four will allocate the expense between the appropriate Clients in a manner it considers equitable and consistent with the relevant Clients' Governing Documents.

The Funds may pay their costs directly, or Capital Four may advance costs and be reimbursed by the Fund. Capital Four may bear any of those costs out of its own assets or revenues, but its decision to do so as to some costs or for some periods will not obligate it to do so as to any other costs or to continue doing so for any other periods.

Investors should refer to the respective Fund's Governing Documents for a detailed discussion on the fees and expenses paid by the Fund.

### CLOs

Capital Four's anticipated CLOs will likely have fee arrangements that include both a management fee and performance compensation, which will be disclosed in the relevant Governing Documents of each such CLO. Capital Four does not expect to receive a management fee or performance compensation in connection with CLO warehousing arrangements.

Expenses borne by investors in Capital Four's CLOs will be described in the relevant Governing Documents and such categories of expenses are anticipated to be similar to those borne by the Funds.

### Other Funds

Capital Four will act as the sub-adviser to one or more open-ended investment companies ("UCITS Funds") that is managed by an affiliate. The Firm receives compensation, including reimbursement for direct and indirect costs and expenses incurred by Capital Four in the performance of its sub-advisory services, which was negotiated at an arms-length basis and provided pursuant to a written service agreement.

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

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As mentioned above, in addition to the management fee for portfolio management, Capital Four will be eligible to receive an annual performance-based fee, in certain cases subject to a high water mark, from the Funds and CLOs.

The fact that Capital Four will be compensated based on trading profits may create an incentive for Capital Four to make investments, on behalf of Clients, that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based fees received by Capital Four will be based primarily on realized and unrealized gains and losses. As a result, the performance-based fees earned could be based on unrealized gains that Clients may never realize.

In addition, it is important to note that a conflict of interest may exist as Capital Four has an economic incentive to allocate potentially more favorable investment opportunities to accounts that have a performance-based fee structure. To address that risk, Capital Four will adopt policies and procedures to ensure that investment opportunities are allocated among eligible Clients fairly and equitably over time.

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

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As previously described, Capital Four will provide discretionary investment advice to funds domiciled or located within or outside the United States. Capital Four also expects to provide collateral management services to a CLO and will act as the collateral manager for loan accumulation activity conducted prior to the closing of such CLO through a CLO warehouse arrangement. Capital Four also expects to serve as the sub-adviser to UCITS Funds.

Generally, an investor in a Fund must be a “qualified purchaser” within the meaning of the Investment Company Act of 1940 and an “accredited investor” within the meaning of Regulation D of the Securities Act of 1933.

Generally, an investor in a Fund will be required to open an account with a minimum of US\$1 million. The minimum investment may be raised, reduced, or waived by the Fund’s general partner.

Capital Four also will provide advice to certain affiliates. This advice is general in nature, and is not intended to address the needs of any particular client of the Firm’s respective affiliate. Currently, such advice relates primarily to research activities, general portfolio management, and business development services for global mandates. Capital Four does not necessarily know whether any of such advice is included in the services provided to the affiliates’ clients.

Capital Four may, in its discretion, accept individual customized investment mandates from time to time.

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

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Capital Four focuses on detailed fundamental credit analysis and disciplined portfolio monitoring and risk management. The Firm's investment process is based upon active bottom-up credit selection using case specific financial models and qualitative analysis. Capital Four utilizes a variety of resources or services to form an investment idea. The analysts are responsible for the Firm's investment idea generation, fundamental credit analysis and ongoing monitoring of investments.

Capital Four's Research Team is split by sector with each sector analyst responsible for a select number of sectors across geographies, jurisdictions and instruments. By assessing the business model, key credit fundamentals, sustainability risks and indicative pricing, the analysts identify new investment opportunities, which are then considered for investment by the Portfolio Managers.

In general, Capital Four will focus on two fundamental investment strategies, Fixed Income Funds and Leveraged Loans:

#### **Fixed Income Funds**

The Fixed Income Funds strategy seeks to deliver high-income investment returns to primarily corporate, endowment, high net worth and pension investors by investing primarily in U.S. non-investment grade high yield corporate bonds on a long-only basis.

#### **Leveraged Loans**

The Leveraged Loans strategy seeks to issue and manage U.S. CLO vehicles. These vehicles will primarily invest in a diversified pool of senior secured U.S. non-investment corporate loans on a long-only basis. CLO vehicles will be tranching into several debt and equity tranches and marketed through an underwriter across a range of primarily corporate, bank and insurance investors.

### **GENERAL RISK OF LOSS**

Securities investments risk the loss of capital; there can be no assurance that the Funds or CLOs will not incur losses. The investments selected by Capital Four should be deemed speculative investments and are not intended as a complete investment program.

Investments in the Funds will be suitable only for sophisticated investors who understand and can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investments and who meet the conditions set forth in the Fund's offering documents. There can be no assurance that the Funds will achieve their investment objectives. Investment in the Funds will involve significant risks and while the following summary of certain of these risks must be carefully evaluated before making an investment in the Funds, the following does not

intend to describe all possible risks of such an investment. Investors should refer to the respective Fund's offering documents for further information.

Risk factors relevant to CLOs are listed in the relevant CLO's offering circular.

### **GENERAL INVESTMENT RISKS**

The descriptions contained below are a brief overview of different market risks related to Capital Four's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Funds or CLOs.

Credit Risk. Capital Four may engage in fixed-income strategies on behalf of Clients which involve credit and default risk and interest rate risk. Credit risk is the risk of loss due to credit events related to an issuer; and default risk is the risk of an issuer's default on its obligation to pay interest and repay principal. To the extent that the portfolios may invest in structured products, derivative or synthetic instruments, or other over-the-counter transactions, in certain circumstances, a portfolio may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks can differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

Debt Instruments. Clients may invest significantly in debt or other fixed-income instruments. Particular types of debt instruments are subject to various risks that are specific to the ways in which they are structured, the industries and markets in which their issuers participate, the assets underlying the instruments, the impact of applicable tax or regulatory factors, and numerous other specific factors. But the values and prices of all debt instruments are subject, in substantially the same way (albeit with differing levels of sensitivity), to credit risk, market risk, and interest rate risk. In addition, some of the debt instruments that Clients may invest or trade may involve particular risks, as discussed below:

- *Investments in Secured Loans.* Clients may invest in secured debt, which involve various degrees of risk of a loss of capital. The factors affecting an issuer's secured leveraged loans, and its overall capital structure, are complex. Some secured loans may not necessarily have priority over all other debt of an issuer. For example, some secured loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve secured loans only on specified assets of an issuer (e.g., excluding real estate). Issuers of secured loans may have more than one tranche of secured debt outstanding each with secured debt on separate collateral. In the event of Chapter 11 filing by an issuer, the Bankruptcy Reform Act of 1978, as amended authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on its property, senior even to liens that were first in priority prior to the filing, as long as the issuer provides what the presiding bankruptcy judge considers to be "adequate protection" which may but need not always consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The



imposition of priority liens on the Client's collateral would adversely affect the priority of the liens and claims held by the Client and could adversely affect the Client's recovery on the affected loans. Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk.

- *Non-Investment Grade (High Yield) Instruments.* Bonds and other debt instruments are often traded in established securities markets, and their prices vary based on factors that influence those markets. Non-investment grade, or "high yield", instruments are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be speculative. In the United States, these are generally debt securities that are not rated or are rated below investment grade (for example, below BBB by Standard & Poor's Rating Group or Baa by Moody's Investors Service, Inc.) by a nationally recognized statistical rating organization. They are also generally considered to be subject to greater risk than securities with higher ratings because their yields and prices tend to fluctuate more than those for higher-rated instruments, and the market for lower-rated securities is less liquid and less active. Trading and investing in non-investment grade instruments can be highly speculative.

Private Fund Interests. Private fund interests are generally illiquid and permit redemptions only at certain times. Investors in funds often have no or limited voting rights. Such investors can be subject to significant levels of fees and expenses.

Reliance on Technology; Cybercrime. Clients rely heavily on computer hardware and software, online services, data feeds, trading platforms, and other computer-related and communications technology and equipment to implement Capital Four's strategies and investment and trading activities. Clients' custodians and counterparties, including prime brokers and exchanges, also rely critically on such systems and technologies. Should events such as computer data theft, "worms," viruses, other cyber-attacks, and/or power failures cause failures or disruptions in the operation of any of those systems or technologies, Clients could experience losses, liabilities, or other adverse effects that Capital Four may be unable to prevent or to mitigate.

In particular, Clients are subject to risks associated with a cybersecurity breach. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from "hacking" by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach occurs, Clients may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose both Clients and Capital Four to civil liability as well as regulatory inquiry and/or action. In addition, any such

breach could cause substantial withdrawals from the Funds and CLOs. Investors could also be exposed to additional losses as a result of unauthorized use of their personal information.

**LIBOR Rate Replacement.** Changes relating to LIBOR may adversely affect the value of any LIBOR-indexed, floating-rate debt securities in a Client's portfolio. In July 2017, the head of the UK Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. To the extent that a Client's debt investment portfolio bears interest rates indexed upon LIBOR or a Client holds indebtedness which accrues interest indexed upon LIBOR rate, the use of either a new index or another substitute interest rate could reduce the Client's interest income or increase the Client's interest expense.

**Inside Information.** Capital Four personnel may receive material nonpublic information about or relating to issuers of securities in which Clients invest or in which Capital Four proposes to invest on their behalf. Under various securities laws (or Capital Four's internal policies), this could restrict Capital Four's ability to cause a Client to buy or sell securities of a company for substantial periods when doing so could generate a profit or avoid a loss.

**Liquidity.** Capital Four may invest for Clients in securities that are not traded in any market or exchange. Moreover, many of these investments may be held by relatively few investors or have low trading volume. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, Capital Four may find it difficult to sell such instruments. Consequently, Capital Four may be forced to sell at prices lower than if the instruments were widely held or more actively traded. In addition, Capital Four may not be able to sell the investment at all, resulting in a total loss.

**Assumption of Catastrophe Risks.** Clients may be subject to the risk of loss arising from direct or indirect exposure to vicarious catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which Capital Four causes Clients to invest (or has a material negative impact on the operations of Capital Four or the service providers of Capital Four or Clients), the risks of loss can be substantial and could have a material adverse effect on Client portfolios. Furthermore, any such event may also adversely impact one or more individual investors' financial condition, which could result in substantial redemption requests by such investor as a result of their individual liquidity situations and irrespective of Client portfolio performance.

## **Item 9. Disciplinary Information**

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Neither Capital Four nor any of its officers, directors, or employees or other management persons have been involved in any legal or disciplinary events that would require disclosure in response to this item.

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

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The Firm is part of the Capital Four Holding A/S conglomerate, a financial services holdings company headquartered in the Kingdom of Denmark that has affiliates engaged in various financial services activities, as described below.

Capital Four Management Fondsmæglerselskab A/S (“Capital Four MF A/S”) is a licensed investment firm with the Danish Financial Supervisory Authority. Capital Four MF A/S conducts investment services, including portfolio management and risk management in the Kingdom of Denmark.

Capital Four AIFM A/S (“Capital Four AIFM”) is a licensed manager of alternative investment funds with the Danish Financial Supervisory Authority. Capital Four AIFM is a manager of alternative investment funds and conducts investment services, including portfolio management and risk management in the Kingdom of Denmark and distribution activities in Europe.

Capital Four intends to provide to Capital Four MF A/S and Capital Four AIFM investment management services including, but not limited to, research activities, general portfolio management, and business development services for global mandates. The advice will be general in nature and is not intended to address the needs of any particular client of the respective affiliate.

Capital Four may receive additional back-office services such as financial, operational and risk support from Capital Four MF A/S and Capital Four AIFM. All services delivered and received are remunerated at an arms-length basis.

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

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Capital Four’s principals and certain employees may invest in the Funds and therefore may have an indirect financial interest in the underlying components of the Funds. Capital Four will adopt a *Code of Ethics* (the “Code”) policy expressing the Firm’s commitment to ethical conduct. Capital Four’s Code describes the Firm’s fiduciary duties and responsibilities to its Clients, and sets forth Capital Four’s practice of supervising the personal securities transactions of supervised persons with access to Client information.

Individuals associated with Capital Four must seek pre-approval before transacting in reportable securities out of their personal accounts.

To supervise compliance with its Code, Capital Four will require all employees to provide initial and annual securities holdings reports and monthly transaction reports to the Firm’s Chief Compliance Officer.

Capital Four will require that all individuals must act in accordance with all applicable U.S. federal and state regulations governing registered investment advisory practices. Capital Four’s

Code will further include the Firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

Capital Four will provide a complete copy of its Code to any investor in the Funds or CLO upon request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

## **Item 12. Brokerage Practices**

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As investment adviser to its Clients, Capital Four will be granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid, if any.

### **Broker Selection and Best Execution**

Capital Four will be authorized to determine the broker-dealers to be used for each securities transaction on behalf of the Clients. In selecting broker-dealers to execute transactions, Capital Four will not need to solicit competitive bids and does not have an obligation to seek the lowest available pricing. Capital Four may not always select a broker-dealer based on the best price, but will take into account a number of qualitative and quantitative factors.

In selecting broker-dealers and negotiating compensation arrangements, Capital Four will typically take into account a range of factors, including: historical net prices (after markups, markdowns and other transaction-related compensation); transacting parties' execution, clearance and settlement and error correction capabilities generally and in connection with instruments of the type and in the amounts to be bought or sold; their willingness to commit capital; their reliability and financial stability; the size of the transaction; the market for the instrument in question; and the nature, quantity, and quality of research and other services and products the transacting party provides. Capital Four may place transactions with a broker-dealer that (i) provides the Firm with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers clients or investors to other products advised by Capital Four, if otherwise consistent with seeking best execution; provided Capital Four is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of clients/investors. Clients may at times pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions.

### **Soft Dollars**

Capital Four has not entered into, and does not intend to enter into, any formal soft dollar arrangements but may receive products or services from broker-dealers and other counterparties that to the best of Capital Four's knowledge are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to

Capital Four on an unsolicited basis and without regard to transaction costs paid by Clients or the volume of business Capital Four directs to these counterparties.

The Clients will not pay higher rates than those charged by other brokers in return for research. Capital Four will use broker-provided research for the benefit of all its Clients.

#### Allocation and Aggregation of Orders

Although not required, Capital Four may aggregate transactions on behalf of more than one Client. If so, such transactions will be allocated to all participating Client accounts in a fair and equitable manner. Consistent with each participating Client's offering document or investment management agreement, Capital Four may aggregate orders for more than one Client to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges.

Pro-rata allocation is pursued when the size of the security being purchased provides for an equal opportunity to all participating Client accounts to share in the security based on each account's assets under management without creating odd-lots for the other accounts. In the event of a partial fill, the order is generally allocated among the participating Client accounts based on the size of each account's original order, subject to rounding in order to achieve round lots. If the partial fill is too small to allocate in a meaningful manner, Capital Four may decide to allocate the shares to a single Client.

Notwithstanding the above, pro-rata is not always the allocation method utilized for purchases or sales because it is not always appropriate in light of the relevant Client account's strategic mandates, including, but not limited to, the size of the account, the size of the position, liquidity, leverage, cash availability and cash needs, and whether the account is new and in a "ramp-up" stage. Again, in all such cases, Capital Four intends to allocate purchase and sale opportunities in a fair and equitable manner and maintain appropriate documentation of the allocation methodology.

Capital Four retains discretion to select an alternative means of allocation. Where a trade is allocated in a manner other than as described above, Capital Four will ensure that the chosen means of allocation is documented prior to completion of the order and that the allocation method chosen has been approved by the Chief Compliance Officer.

#### Cross Trades

Capital Four may engage in cross transactions in which a security is crossed between Client accounts. Capital Four will only engage in the cross transaction if the transaction is determined to be in the best interest for each participating Client. In the event that Capital Four engages in cross transactions, Capital Four expects to execute cross trades directly between eligible Capital Four Clients, but in certain cases may use a broker to effect the trade. Cross transactions will be effected by Capital Four only to the extent permitted by applicable law. In no instance will Capital Four receive additional compensation when crossing trades for Client accounts. Capital Four will

seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transactions are done for the benefit of the participating Clients.

### Trade Errors

Capital Four will establish trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

Capital Four's general policy will seek to identify and correct any trade errors promptly and in a way that mitigates any losses. While relevant mitigating actions are always considered, gains resulting from trade errors are kept with the Clients whereas losses are paid by Capital Four. Capital Four does not provide reimbursement for lost opportunity costs.

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

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Positions held by Capital Four's Clients will be continuously monitored and reviewed by the investment advisory personnel of Capital Four. Accounts will be reviewed in the context of the Clients' stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political, international, or economic environment.

Investors in the Funds will be provided a quarterly performance report by Capital Four and a quarterly capital statement by the Funds' administrator. In addition, Fund investors will be provided with audited financial statements within 120 days of the end of the respective Fund's fiscal year and any other information necessary to enable each investor to prepare its income tax returns. Capital Four may also prepare and deliver to such investors any additional information that Capital Four deems pertinent or any information upon request.

Investors in the CLO will receive monthly statements directly from the CLO's independent trustee.

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

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Other than previously described above, Capital Four does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

Neither Capital Four nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals.

## **Item 15. Custody**

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Capital Four will be deemed to have custody of the Funds because it will have the authority to obtain funds or securities, for example, by deducting advisory fees from the Funds or otherwise

withdrawing assets from the Funds. Accordingly, Capital Four will be subject to Rule 206(4)-2 under the Investment Advisers Act of 1940 (the “Custody Rule”). The Funds’ assets will be held in custody by unaffiliated, long-standing broker-dealers or banks, all of whom will be qualified custodians as the term is defined in the Custody Rule. The Funds will be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Funds’ audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and sent to investors within 120 days of the end of the Funds’ fiscal year.

## **Item 16. Investment Discretion**

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As investment adviser or sub-adviser to its Clients, Capital Four will be granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.

Capital Four will have the discretion to agree with investors in the Funds to waive or modify the application of any provision of the investment terms applicable to such investor in a “side letter” or in any other manner, without obtaining the consent of any other investor in such Fund. Such side letter may provide the investor with favorable rights or terms, such as with respect to fees, as compared with those of a Firm client.

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

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Capital Four does not anticipate engaging in frequent proxy voting due to the types of investments utilized in its strategies; however, in accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act of 1940, Capital Four will adopt and implement written policies and procedures governing the voting of Client securities. All proxies that Capital Four receives will be treated in accordance with these policies and procedures.

Proxies must be voted with diligence, care, and loyalty. Capital Four will vote each proxy in accordance with its fiduciary duty to its Clients. Capital Four seeks to vote proxies in a way that maximizes the value of Clients’ assets. Each proxy vote is ultimately cast on a case-by-case basis, as Capital Four considers the contractual obligations under organizational documents and investment management agreements, and all other relevant facts and circumstances at the time of the vote.

Capital Four will document and abide by any specific proxy voting instructions conveyed by a Client with respect to that Client’s securities.

The Firm’s Investment Committee, with the assistance of other investment personnel, shall be responsible to identify any material conflicts of interest and resolve the conflicts in the best interest of the Client.

Clients will be able to obtain a copy of Capital Four's Proxy Voting policy and procedures or information with respect to a specific proxy vote as it relates to their account by submitting a request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

## **Item 18. Financial Information**

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Not Applicable.