

**Item 1 – Cover Page**



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Form ADV Part 2A: Firm Brochure  
March 30, 2021

This Brochure provides information about the qualifications and business practices of Scopia Capital Management LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser at (212) 370-0303 and/or [compliance@scopia.com](mailto:compliance@scopia.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 124403.

## **Item 2 – Material Changes**

There have been no material changes made to the Brochure since the Adviser's last annual update, which was filed on March 30, 2020, however the Adviser has made some routine updates and clarifying changes to the Brochure.

## **Item 3 – Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents .....	ii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients .....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	9
Item 10 – Other Financial Industry Activities and Affiliations.....	11
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading.....	12
Item 12 – Brokerage Practices .....	13
Item 13 – Review of Accounts.....	14
Item 14 – Client Referrals and Other Compensation .....	15
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	17
Item 18 – Financial Information .....	18

#### **Item 4 – Advisory Business**

The Adviser, a Delaware limited partnership, is an investment adviser with its principal place of business in New York, New York. The Adviser is controlled by Matthew Sirovich and Jeremy Mindich (the “Controlling Partners”), and together with its predecessors, has been providing advisory services since 2001 and has been registered with the SEC since 2003.

The Adviser provides investment advisory services on a discretionary basis to clients that are pooled investment vehicles including (A) market-neutral hedge funds consisting of (i) Scopia PX LLC, a Delaware limited liability company, (ii) Scopia PX International Limited, a Bermuda exempted mutual fund company, (iii) Scopia PX International Master Fund LP, a Bermuda exempted limited partnership that acts as the master fund in a mini-master structure with Scopia PX International Limited, (iv) Scopia International Limited, a Bermuda exempted mutual fund company, (v) Scopia International Master Fund LP, a Bermuda exempted limited partnership that acts as the master fund in a mini-master structure with Scopia International Limited, and (vi) Scopia Windmill Fund LP, a Delaware limited partnership (each a “Fund” and collectively, the “Hedge Funds”) and (B) a long-only fund, Scopia Long QP LLC, a Delaware limited liability company, (the “Long-Only Fund” and together with the Hedge Funds, the “Scopia Funds”). The Adviser also acts as the sub-advisor/trading advisor to (A) a market-neutral sub-account of a third-party sponsored pooled investment vehicle (the “Sub-Account”) and (B) two market-neutral sub-accounts of third-party sponsored pooled investment vehicles that are structured as “first loss” funds in which partners of the Adviser contributed “first loss” capital (the “First Loss Funds” and, together with the Scopia Funds and the Sub-Account, the “Fund Clients”). All of the Adviser’s Fund Clients are intended for institutional and other sophisticated investors.

The Adviser also provides investment advisory services on a discretionary basis to Scopia Co-Investment Partners 2 LLC and its subsidiary, Scopia PE SPV PM LLC (together with Scopia Co-Investment Partners 2 LLC, “SCIP2”), and Scopia HCM Partners LLC and its subsidiary, Scopia HCM International Partners LLC (together with Scopia HCM Partners LLC, “HCM”, and collectively with SCIP2, the “SPVs”), special purpose pooled investment vehicles established to provide certain qualified investors the opportunity to invest in certain private operating companies.

The Adviser provides advice to clients based on specific investment objectives and strategies (detailed in Item 8 below).

The Adviser does not generally tailor its advisory services to the individual needs of investors in the Scopia Funds or accept investor-imposed investment restrictions. However, the Adviser has entered into agreements with certain investors and clients, including the Sub-Account and First Loss Funds, granting these investors and clients specific rights including, but not limited to imposing restrictions on investing in certain securities or certain types of securities.

The Adviser has retained Madison River Capital LLC (“Madison River Capital”) to provide sub-advisory services with respect to the private equity investments made by HCM. Madison River Capital is controlled by a former partner of the Adviser.

As of December 31, 2020, the Adviser managed \$2,562,250,480 of regulatory assets under management on a discretionary basis.<sup>1</sup>

## **Item 5 – Fees and Compensation**

As a general matter, the Adviser or an affiliate is paid an asset-based management fee and receives performance compensation (detailed in Item 6 below). The Adviser deducts fees from each Scopia Fund's assets and bills the Sub-Account.

Asset-based management fees generally range from 1.0% to 2.0% per annum for investors in the Scopia Funds. Management fees for investors in the Scopia Funds are charged on a quarterly basis based on the value of the relevant assets as of the first day of the calendar quarter. The management fee may be reduced by 0.25% annually for investors in the Scopia Funds if the investor, or the consultancy firm which has directed the investor, maintains invested assets exceeding a certain amount, has been invested for a specified period of time or agrees to remain invested for a specified period of time, and the Adviser maintains a certain aggregate value of the net assets of the Scopia Funds. The Adviser has complete authority to determine, in each case, whether an investor is eligible for a reduced management fee and the Adviser's decision in that regard shall be final and binding on the investor. If the Adviser does not manage a Scopia Fund for a full quarter, the asset-based management fee charged to such Scopia Fund will be pro-rated for such period.

To the extent that fees are negotiable, the investors in a Scopia Fund may pay more or less than other investors for the same management services, depending, for example, on the relationship to the Adviser, nature of advisory services, account composition and the total client assets under management. The Adviser may waive or modify fees for certain accounts or investors.

The Adviser may also reduce management fees in connection with fees and other income earned from services related to the Scopia Funds' investments including, but not limited to, directors' fees.

The asset-based management fees that are charged to the Sub-Account are set forth in the Adviser's investment advisory agreement with the Sub-Account.

The First Loss Funds and the SPVs are not charged asset-based management fees.

Scopia Fund expenses may include, but are not limited to: (i) transaction costs and investment related expenses incurred in connection with the Scopia Fund's trading activities, including brokerage, research expenses (excluding research-related travel), clearing, margin interest (if any), and custodial expenses; (ii) routine legal, accounting, auditing, tax preparation,

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<sup>1</sup> This calculation of regulatory assets under management as of December 31, 2020 includes the assets of a private fund that has ceased operations. In accordance with investor instructions, assets were withdrawn and returned to investors.

administrator and related fees and expenses; (iii) licensing, development and monitoring fees and expenses related to risk management, including portfolio analysis application fees and applicable database warehouse fees and expenses; (iv) fees and expenses related to stock loan and treasury systems and applications; (v) the Scopia Fund's allocable share of applicable insurance premiums; (vi) regulatory compliance-related monitoring and filing fees and expenses (excluding, however, the preparation and filing of Form PF); (vii) expenses associated with the continued offering of interests, which include but are not limited to printing and other solicitation expenses (other than finders' fees); (viii) all operational, overhead and other expenses of the Scopia Fund including but not limited to, photocopying, facsimile, postage, and telephone expenses, and third party valuation services; (ix) extraordinary expenses (e.g., litigation and settlement costs, disgorgement payments and indemnification obligations), if any; and (x) the management fees described above. "Research" expenses include, without limitation, research subscriptions, customized research, third party consultant/expert network fees, conference fees and certain research-related technology fees and expenses such as Bloomberg license fees, exchange fees, and order management system fees and expenses (other than compliance-related fees).

Scopia Fund expenses are borne on a pro rata basis among all Scopia Funds and SPVs, unless the expense is only relevant to a particular Scopia Fund or SPV, in which case it will be allocated solely thereto.

The Sub-Account and the First Loss Funds are subject to expenses as set forth in the Adviser's investment advisory agreements with the Sub-Account and the First Loss Funds.

The allocation of expenses by the Adviser between it and any client, and among clients, represents a conflict of interest for the Adviser. To address this conflict, the Adviser has adopted and implemented policies and procedures for the allocation of expenses. Pursuant to these policies and procedures, the Adviser allocates expenses to each client in accordance with the client's offering and other governing documents or advisory agreement. Expenses that are attributed to individual clients are charged individually. Expenses for products or services that benefit both the clients and the Adviser are reasonably allocated between them based on the Adviser's good faith determination of the relative benefits and/or usage of such products or services.

Expenses relating to the SPV investments may be charged against the capital contributions in the sole discretion of the Adviser in a manner it determines to be reasonable.

Additional disclosure regarding fees, investment strategy and other information applicable to a Fund Client or SPV is set forth in the applicable offering and other governing documents or advisory agreement.

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

With respect to the Fund Clients and SPVs, the Adviser or its affiliate receives performance allocations generally based upon net profits allocable to each client.

The Adviser employs different investment objectives and strategies for its clients. These differing objectives and strategies raise potential conflicts of interest. For example, the Adviser may buy a security for one client account while it is selling that security for another client account. Performance-based compensation may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Certain client accounts managed by the Adviser hold illiquid investments for which the Adviser receives performance-based compensation only upon their sale or deemed realization of such investment. To the extent the Adviser is entitled to performance-based compensation from its clients upon the sale or deemed realization of illiquid investments, the Adviser may have an incentive to delay or accelerate the realization of an illiquid investment. In addition, the Adviser's personnel are typically compensated on a basis that includes a performance-based component.

Certain clients may have different fees and/or fee structures from others. Regarding the First Loss Funds, certain individual partners of the Adviser, including the Controlling Partners (collectively, the "First Loss Members"), contributed 10% of the total capital of each such First Loss Fund as "first loss" capital. Under this structure, the first 10% of losses of such First Loss Funds will be specifically allocable to the First Loss Members. In return for this enhanced risk, the First Loss Members receive a higher percentage of performance fees than in other clients' structures. The First Loss Members have agreed to allocate a portion of the performance fees, after an initial performance threshold has been met, to the Adviser.

The Adviser recognizes that it is a fiduciary to its clients, and as such must act in the best interests of its clients. The Adviser may not place its own interests ahead of its client's interests and must make full and fair disclosures to its clients of all material facts relating to the advisory relationship.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple client accounts, including client accounts with different fee arrangements, and the allocation of investment opportunities. The Adviser has designated an Investment Allocation Committee to oversee the allocation of investment opportunities. Securities are allocated to the Fund Clients in proportion to the size and leverage of each Fund Client and in accordance with their respective investment guidelines and any applicable regulatory restrictions. To ensure that trades are allocated fairly, the Adviser's order management system, Eze Castle, allocates trades, including partial trades, according to an allocation scheme entered on a daily basis. To the extent orders are aggregated, each client that participates in an aggregated order participates at the average share price and transaction costs are shared pro rata based on each client's participation in the transaction. Finally, the Adviser's procedures also address the allocation of limited opportunities

(such as initial public offerings) to ensure fair allocation among clients. These areas are monitored by the Chief Compliance Officer.

## **Item 7 – Types of Clients**

The Adviser provides investment advisory services on a discretionary basis to clients that are pooled investment vehicles including the Scopia Funds, the Sub-Account, the First Loss Funds and the SPVs, which are intended for institutional and other sophisticated investors.

Any initial and additional subscription minimums are disclosed in the applicable offering memorandum and other governing documents.

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

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

The Adviser employs a fundamentals-based, value-driven investment approach across two strategies: a long-short equity strategy managed with the discipline of market neutrality and a long-only equity strategy. The Adviser seeks to identify investments primarily in publicly-traded equities (on both U.S. and non-U.S. exchanges) including initial public offerings, but may also include options, derivatives and bonds that the Adviser believes will increase in value (or at least maintain their value) even in a falling market, and conversely to identify and sell short stocks that the Adviser believes will drop in value (or at least under-perform) regardless of the industry they serve and the market's overall direction. The long portfolio focuses on dynamic companies protected by low valuations relative to free cash flow, strong cash positions or valuable intellectual property and sensible business models. The short portfolio selects companies that the Adviser determines are not only overvalued, but also fundamentally flawed because of the poor prospects of their products or services. There is no guarantee that any client will be able to achieve its investment objective.

The security selection and monitoring process is the same across both strategies. The underlying nature of the process is virtually 100% fundamental. The research process combines examining publicly available financial data and conducting in-depth proprietary field research. Investment personnel generally assign a set of upside and downside price scenarios, along with their probability expectations for each, that are evaluated in Alpha Theory, a web-based application. The trading desk monitors exposures, profit & loss information and news on all positions in real-time and alerts portfolio managers and investment personnel on all relevant information. For each sector, a meeting is held periodically to present a complete review of all positions in the sector to all investment personnel and address any questions. The Adviser has designated a Portfolio Risk Committee to consider various dimensions of portfolio risk.

SCIP2 and HCM are special purpose pooled investment vehicles established to provide certain qualified investors the opportunity to invest in certain private operating companies.

The offering or other governing documents applicable to each client describes its investment objectives and the strategies employed to achieve its investment objectives.

## **Material Risks**

### **Risk of Loss**

Investments in the Fund Clients and SPVs involve significant risks and are suitable only for those persons who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the Fund Clients or SPVs will achieve their investment objectives. An investment in the Fund Clients or SPVs carries with it the inherent risks associated with investments in global securities and private investments, as well as the use of leverage and short sales.

### **Nature of Investments**

The Adviser has broad discretion in making investments for its clients. Investments will generally consist of equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a client's activities and the value of its investments. In addition, the value of the client's portfolio may fluctuate as the general level of interest rates fluctuates. While historically, "growth" stocks have been more volatile than "value" stocks, "value" securities still may experience significant volatility. The Adviser may not be able to sell securities at an optimal time or price.

Short term trading may involve significant turnover of investments and potentially significant execution costs. A client's short-term trading activities may lead to volatility in net asset value on a day-to-day and month-to-month basis.

The longer-term positions selected by the Adviser may decline in value or not increase in value when the stock market in general is rising. At times, the Adviser may sell or sell short securities whose fundamentals appear strong, but which, based on independent research, the Adviser believes will move lower. This assessment may prove incorrect.

No guarantee or representation is made that a client's investment objective will be achieved.

### **Use of Leverage**

The Adviser utilizes leverage on behalf of certain clients that results in such client controlling substantially more assets than it has equity. Leverage increases the client's returns if the client earns a greater return on investments purchased with borrowed funds than the client's cost of borrowing such funds. However, the use of leverage exposes these clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had



such clients not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the clients' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the clients' assets, the clients may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

To the extent that options, futures, options on futures, swaps, swaptions and other synthetic or derivative financial instruments are utilized, it should be noted that such instruments inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instruments. This is since generally only a small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

### **Margin Borrowing**

The use of margin borrowing can substantially improve or impair the return on invested capital. Borrowings will usually be effected through the relevant client's prime brokers and will typically be secured by the relevant client's securities and other assets. During extreme adverse market conditions, losses of as much as 100% of invested capital of the clients could be sustained. Under certain circumstances, the relevant client's prime broker may unilaterally demand an increase in the collateral that secures such client's obligations and if such client were unable to provide additional collateral, the prime broker could liquidate assets held in the account to satisfy the client's obligations to the prime broker. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the relevant client's borrowings, which will fluctuate, may have a significant effect on such client's return.

### **Short Sales**

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on each client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. There is also the risk that the securities borrowed by the clients in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the clients may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The client's inability to continue to borrow securities previously sold short may also force the clients to unwind other elements of an investment position, possibly at a loss. From time to time regulatory or legislative action taken by regulators around the world may restrict the ability of the client to enter into short sales.

## **Derivative Instruments**

Generally, derivatives can be characterized as financial instruments whose performance is derived, at least in part, from the performance of an underlying asset or assets. Types of derivatives include options, swaps and credit-linked notes. Derivative instruments may be used for a variety of reasons, including to enhance returns, lever the assets of the relevant client, hedge certain market risks, or provide a substitute for purchasing or selling particular securities. Derivatives can be volatile and involve various degrees of risk, depending upon the characteristics of the particular derivative and the portfolio as a whole. The use of derivative instruments may result in losses greater than if they had not been used, may require the relevant client to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the relevant client can realize on an investment, or may cause such client to hold a security that it might otherwise sell.

## **Portfolio Turnover**

The investment strategy of a client may require the Adviser to actively trade the client's portfolio, and as a result, turnover and brokerage commission expenses of the client may significantly exceed those of other investment entities of comparable size.

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

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

## **Regulatory Restrictions on Investments**

At times in which one or more of the Adviser's clients holds substantial positions in, has representatives on a board of directors, or is otherwise deemed to be an affiliate of a particular issuer, such client and/or the other clients of the Adviser may become subject to certain securities laws, rules or restrictions, or the Adviser may determine to restrict the client and/or another client of the Adviser from trading in order to avoid such securities laws, rules or restrictions, that may impact the client's liquidity and portfolio management. There may also be instances where the client will be restricted in transacting in a particular investment as a result of its activism with respect to an investment. Such securities laws, rules and restrictions may include, for example, Rule 144 under the Securities Act of 1933, as amended (the "Act"), the disclosure requirements of Section 13 of the Securities Exchange Act of 1934, as amended (the

“Exchange Act”), the short swing profit disgorgement rules and disclosure requirements of Section 16 of the Exchange Act, and the rules and requirements of the Hart-Scott-Rodino Antitrust Improvements Act and similar foreign securities and antitrust regulations. Additionally, in the event that the Adviser, any of its employees or affiliates comes into possession of material non-public information regarding a particular public company, a client may be restricted in trading the securities of that company.

#### **Lack of Investment Diversification**

Client accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid changes in value than would be the case if the Adviser were required to maintain diversification among issuers, industries, geographic areas, capitalizations or types of securities.

#### **Illiquidity of Company Interests**

Investments in restricted, non-marketable or private securities may involve a high degree of business and financial risk that can result in substantial losses. There may be no existing market for the purchase and sale of such investments and the client may not be able to readily sell such investments. Investors in the Fund Clients and SPVs should refer to the offering and other governing documents or advisory agreements of the applicable client for complete information on investment strategies employed and the corresponding risks associated with such investment strategies.

#### **Additional Risks Relating to the Adviser**

##### **Reliance on Messrs. Sirovich and Mindich**

The Adviser is controlled by Matthew Sirovich and Jeremy Mindich. Messrs. Sirovich and Mindich are also the managing members of Scopia Capital GP LLC, which acts as the managing member or general partner of the Scopia Funds and SPVs, as applicable. The Adviser and its clients are dependent for their success on the judgment and abilities of Messrs. Matthew Sirovich and Jeremy Mindich. The offering and other governing documents of the Scopia Funds contain a “key man” provision that provides for the waiving of lock-up terms in the event of either of their departures from the firm. Investors in the Scopia Funds and SPVs are not able to participate in the management or control of the Scopia Funds and SPVs and have limited voting rights, including no right to remove the Adviser as investment manager, or the Adviser’s affiliate, Scopia Capital GP LLC, as the managing member or general partner of the Scopia Funds and SPVs, as applicable.

##### **Cybersecurity Risk**

The Adviser, its clients and their respective service providers, including banks, broker dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the

unauthorized release of confidential information, unauthorized asset transfers and various other forms of cybersecurity breaches. Cyber-attacks affecting the Adviser, its clients, or their respective service may have material adverse consequences to operations and may result in regulatory fines, reputational damage or loss of capital.

### **Risk Management Failures**

Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

### **Systems and Operational Risk**

The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. See “Cybersecurity Risk” above for additional information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

### **Valuation of Portfolio Holdings**

There are various conflicts of interest in connection with the valuation of client assets. In particular, higher valuations of client assets may result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. In addition, inflated valuations may result in better performance which may assist in marketing for the Adviser. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values. To address these conflicts, the Adviser has adopted and implemented policies and procedures for the valuation of client securities.

## **Litigation Risk**

Certain components of the investment strategy pursued by the Adviser with respect to its clients may subject the Adviser, its clients, or affiliates to lawsuits or other legal proceedings. There can be no assurance that any such litigation would be resolved in favor of the Adviser, its clients, or the affiliates. Additionally, to the extent attributable to a client, the costs associated with litigation (including legal fees and expenses as well as any settlement costs or disgorgement payments), will be borne by such client and could be substantial.

## **Effects of Health Crises and Other Catastrophic Events**

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

## **Item 9 – Disciplinary Information**

This Item is not applicable.

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

The Adviser is registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission (the “CFTC”). The Adviser relies on an exemption from certain regulatory requirements pursuant to CFTC Regulation 4.7 on behalf of certain Scopia Funds. The principals, executive officers and certain investor relations personnel are registered with the CFTC as Principals and/or Associated Persons of the Adviser.

The principals of the Adviser are also the managing members of Scopia Capital GP LLC which acts as the managing member or general partner of the Scopia Funds and the SPVs, as applicable.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics (the "Code") that obligates all principals, officers or employees (collectively "Supervised Persons") to put the interests of the Adviser's clients before their own personal interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws.

Unless an exception is granted by the Adviser's Chief Compliance Officer, the Adviser requires its Supervised Persons to pre-clear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the Adviser's clients. Supervised Persons are restricted in the number of personal transactions they may effect in a given period and may not initiate transactions for their own accounts in the same securities purchased and sold for the Fund Clients. All of the Adviser's Supervised Persons are required to direct their brokers or custodians to submit quarterly brokerage statements to the Adviser. Trading in employee accounts is reviewed by the Chief Compliance Officer or her designee and compared with transactions for the Fund Clients.

Supervised Persons periodically make investments in private companies and pooled investment vehicles for their personal accounts where it has been determined that such investments are not applicable to or appropriate for the Fund Clients, or, with the consent and/or knowledge of the Fund Clients, as a co-investor in certain private investments. The principals have set up a private investment vehicle, Scopia Holdings LLC, a Delaware limited liability company, to facilitate investments in private companies by the Adviser's partners and employees, and investments through this vehicle are subject to the Code's policies governing personal securities transactions.

The Adviser and its Supervised Persons may give and/or receive gifts, charitable donations, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts, entertainment and improper transactions, which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds and in compliance with the Foreign Corrupt Practices Act.

The Adviser may provide investment advisory services to a government entity and takes measures to seek to ensure that political contributions made to an official of such government entity are legitimate and not for the purpose of influencing the award of an advisory contract or the decision to invest in a Scopia Fund managed by the Adviser. The Adviser has adopted policies and procedures governing political contributions which require preclearance of political contributions.

The Adviser requires all Supervised Persons to disclose any outside employment to the Adviser to identify any potential conflicts. In the event that a resolution to a conflict cannot be reached

the Supervised Person may be asked to terminate either his or her outside employment or his or her position with the Adviser.

Supervised persons, through their position with the Adviser or as a member of the board of directors of a public company, may come into possession of confidential or material non-public information about issuers of securities purchased or sold by the Fund Clients or contemplated being purchased or sold by the Fund Clients. All employees participate in annual compliance training and are instructed that such information must be disclosed to the Chief Compliance Officer and may not be used in a personal or professional capacity. The Adviser also maintains policies and procedures to seek to prevent insider trading that are designed to ensure that the Adviser satisfies its obligations to clients and remains in compliance with applicable law. All employees certify their acceptance and agreement with such policies and procedures on at least an annual basis.

Investors or prospective investors may obtain a copy of the Adviser's Code by contacting the Adviser by email at [compliance@scopia.com](mailto:compliance@scopia.com) or by telephone at (212) 370-0303.

## **Item 12 – Brokerage Practices**

Except for the general investment guidelines set forth in each client's respective offering and other governing documents, there are no limitations on the Adviser's discretionary authority. The Adviser is authorized to determine which broker or dealer is used for each securities transaction for a client account. In selecting brokers or dealers to execute transactions, the Adviser does not have an obligation to solicit competitive bids or seek the lowest available commission cost. Because it is not the Adviser's practice to negotiate "execution only" commission rates, a client may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. The Adviser does not maintain or intend to initiate any "soft dollar" arrangements. Except for services that would be a client expense, the Adviser limits the use of "soft dollars" to obtain services which constitute research and brokerage within the meaning of Section 28(e) of the Exchange Act.

In selecting brokers and negotiating commission rates, the Adviser may consider account registration status with the Financial Industry Regulatory Authority, Inc., the financial stability and reputation of brokerage firms, the size and type of the transaction, the difficulty of execution, the ability to handle a block order and the research, brokerage or other services provided by such brokers. The Adviser may place transactions with a broker or dealer that (i) provides the Adviser with access to research-based events or conferences sponsored by the broker-dealer or company management or (ii) provides the Adviser with the opportunity to participate in capital introduction events or refer clients to the Adviser, if otherwise consistent with seeking best execution; provided, the Adviser is not selecting the broker-dealer solely in recognition of the opportunity to participate in such events or the referral of investors. The Adviser has designated a Best Execution Committee to oversee best execution review. The Best Execution Committee meets quarterly to evaluate systematically the execution

performance of its brokers and make recommendations for the following quarter. The Adviser does not engage in client directed brokerage.

When appropriate, the Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among client accounts. The Adviser has established guidelines for aggregating client orders for securities, including any orders placed for private securities. Generally, no client is systematically advantaged or disadvantaged over any other client. Each client that participates in an aggregated order participates at the average share price for all the Adviser's transactions in that security on a given business day and transaction costs are shared pro rata based on each client's participation in the transaction. The Adviser has established trade allocation policies that require that no clients receive preferential treatment over any other client. Aggregated trades executed on behalf of all Fund Clients are generally allocated pro rata determined by the relative size of each participating client account on a daily basis, appropriate leverage and in accordance with applicable investment guidelines. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client.

### **Item 13 – Review of Accounts**

#### **Reviews:**

Positions held by the Fund Clients are continuously monitored by the principals and employees of the Adviser. The portfolio of each Fund Client is reviewed in the context of its stated objectives and guidelines including, without limitation, a review of portfolio positions, the extent to which the Fund Clients hold securities of an individual issuer or in a specific market or country, trading procedures, and overall best execution. Performance of the Fund Clients is generally reviewed on a daily basis. Pursuant to the terms of their sub-advisory agreement, the Adviser receives regular reports from Madison River Capital regarding the portfolio of HCM.

#### **Reports:**

Investors in the Scopia Funds and SPVs receive an annual report containing audited financial information as well as annual tax information needed to prepare income tax returns. Investors in the Scopia Funds receive a monthly report containing net asset value, exposures and risk analytics. Investors in the SPVs receive a quarterly report containing net asset value. During the year, investors in the Scopia Funds receive monthly and quarterly performance and market commentary letters. Additional reports are available to investors in the Scopia Funds upon request.

The Sub-Account and the First Loss Funds receive such reports as are set forth in the Adviser's investment advisory agreements with the Sub-Account and the First Loss Funds



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

While the Adviser does not currently compensate any party for client referrals, the Adviser may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. The Adviser is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 (the “Advisers Act”) and similar state regulations which may vary by jurisdiction. As such, the Adviser complies with all applicable Federal and/or State laws relating to compensation for client referrals.

## **Item 15 – Custody**

An affiliate of the Adviser is deemed to have custody of the Scopia Funds’ and SPVs’ assets. The Adviser ensures that applicable client funds and securities are maintained with qualified custodians. The Adviser maintains compliance with Rule 206(4)-2 of the Advisers Act by ensuring that:

- Each Scopia Fund and SPV is audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (the “PCAOB”) in accordance with its rules.
- The Adviser distributes audited financial statements prepared in accordance with generally accepted accounting principles to all members, limited partners or other beneficial owners within 120 days of the end of its fiscal year of the applicable Scopia Funds.

## **Item 16 – Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients and is authorized to determine, on behalf of its clients: which securities are bought or sold, the quantity of securities bought or sold, which brokers or dealers are used and what commission rates are paid. In exercising discretion, the Adviser follows the general investment guidelines set forth in each client's respective offering and other governing documents. Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

The Hedge Funds, Sub-Account and First Loss Funds are long-short investment vehicles that invest primarily in publicly-traded equities (on both U.S. and non-U.S. exchanges), and may also include initial public offerings, options, derivatives and bonds. The Hedge Funds, Sub-Account and First Loss Funds are invested in similar manners and generally across the same positions, except that Scopia Windmill Fund LP and the Sub-Account may be invested in positions that the other Scopia Funds and First Loss Funds do not invest in due to guidelines regarding concentration, market capitalization, trading volume or liquidity (including private investments). The Long-Only Fund is comprised of a large subset of the long positions held by the Hedge Funds.

The Adviser also considers various factors, including the applicable strategy's investment guidelines, any restrictions placed on a client's portfolio by the client or by virtue of federal or state law, timing of cash flows and account liquidity, nature of the security to be allocated, tax status of the client, the existence of an ISDA, potential impact of regulatory compliance and any other factors that the Adviser deems relevant to the fair allocation of investment opportunities.

The Adviser has designated an Investment Allocation Committee to oversee the allocation of investment opportunities. The Investment Allocation Committee meets monthly to evaluate systematically the factors to be considered when allocating securities among the Fund Clients to ensure investment opportunities are allocated in a fair and reasonable manner and that the Adviser's practices adhere to applicable laws and regulations.

Allocations among investors eligible to participate in initial public offerings ("IPOs") and secondary offerings are made on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, for example if an investor's investment guidelines explicitly prohibit participation or an investor's status as a "restricted person" under applicable regulations restrict its ability to participate.

The Adviser may offer certain qualified investors, employees and/or other third parties the opportunity to co-invest with a Scopia Fund in investment opportunities whenever the Adviser determines such participation would not be opposed to the best interests of the Scopia Fund. The Adviser considers numerous factors in determining whom to offer such investment opportunities including but not limited to whether the potential co-investor has expressed an interest in participating in co-investment opportunities in general or in particular types of investments. The Adviser generally will not offer co-investment opportunities to all current investors in the Scopia Funds.

The Adviser may effect "cross transactions" between clients if client accounts are not in balance for a given security and the Adviser believes it is in the best interest of each selling fund to reduce its position and each purchasing fund to increase its position in a given security. The Adviser endeavors to ensure that all parties to the transaction receive at least as favorable a price as would be received if the transaction were executed in the open market and no commission will ever be received by the Adviser or its affiliate for executing a cross transaction. Cross transactions are not conducted with any account subject to the Employee Retirement Income Security Act of 1974, as amended. In addition, cross transactions are generally not permitted if they would constitute principal trades.

The Adviser uses best efforts to ensure that orders are entered correctly and has established a trade error policy to address trade errors that may occur. Trade errors are reported to the Chief Compliance Officer who investigates the matter and determines an appropriate resolution, which may include reimbursing clients for trade errors that were detrimental to them.

To the extent the Adviser has authority, pursuant to the governing documents of a client account, to participate in class action claims (each, a "Claim") it does so on a case-by-case basis. Once the Adviser receives a Claim, the Adviser, with the assistance of a third-party

service provider retained to process Claims, determines whether any clients are eligible to participate in the Claim. In some cases, the Adviser may opt out of a Claim and, instead, file individual securities actions in court. Any profits derived from the Claim on behalf of the Fund Clients are allocated in accordance with the governing documents or advisory agreements of the Fund Clients. To the extent the Adviser does not have authority to deal with Claims, it will forward any claims received to the client.

A third-party administrator to the Scopia Funds calculates advisory fees. To avoid any incentive to over-value such accounts to increase fees payable by clients, or conceal poor performance, the Adviser maintains a policy regarding valuation of securities and uses independent third-party services to price the securities in the accounts of the Scopia Funds it manages, when applicable. In addition, performance results for the Scopia Funds and SPVs are audited at least annually by an independent auditor. The administration and calculation of advisory fees in respect of the Sub-Account and First Loss Funds is overseen by the respective sponsors of the Sub-Account and the First Loss Funds.

Notwithstanding any of the foregoing, the Adviser, to the extent within its control, will not favor itself in any way to a client's detriment and will act in a manner that it believes is fair and equitable to all its clients.

Prospective investors are provided with offering and other governing documents prior to their investment and are encouraged to carefully review such documents and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors are also encouraged to consult with their legal, tax, or other advisors prior to making any investment. Prospective investors must also execute certain governing documents such as a subscription agreement and in some cases an operating agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

#### **Item 17 – Voting Client Securities**

The Adviser has adopted Proxy Voting Policies and Procedures (the "Procedures") pursuant to Rule 206(4)-6 of the Advisers Act that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Procedures also require that the Adviser identify and address conflicts of interest between the Adviser and its clients. If a material conflict of interest arises, the Adviser determines whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or takes some other appropriate action.

It is the Adviser's general policy not to vote proxies for securities which (i) are not held in a client's account at the time such proxy is received by the Adviser, (ii) are not held in a client's account at the time such proxy vote is required, or (iii) are held as a "net" short position by a client's account. The Adviser has entered into an agreement with ProxyEdge, an independent third party, to facilitate the operational aspects of electronic voting of proxies and to provide one central source for the documentation and maintenance of the Adviser's proxy voting records. ProxyEdge does not execute any ballot on behalf of the Adviser without first receiving specific instruction from the Adviser.

Investors may contact the Chief Compliance Officer in order to obtain a copy of the Adviser's Proxy Voting Policies and Procedures as well as information about how the Adviser voted a client's proxies by contacting the Adviser by email at [compliance@scopia.com](mailto:compliance@scopia.com) or by telephone at (212) 370-0303.

#### **Item 18 – Financial Information**

This Item is not applicable.