

**Form ADV Part 2A: Firm Brochure**  
**ENCOMPASS CAPITAL ADVISORS LLC**  
March 31, 2021

**Principal Office**

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This brochure (the "Brochure") provides information about the qualifications and business practices of Encompass Capital Advisors LLC (the "Advisor"). For more information on the disclosure requirements required for Part 2A, see the "General Instructions for Part 2 of Form ADV" by visiting [www.sec.gov/rules/final/2010/ia-3060.pdf](http://www.sec.gov/rules/final/2010/ia-3060.pdf). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer via telephone at 646-351-8452 or via email at [lkassman@encompasscap.com](mailto:lkassman@encompasscap.com).

Additional information about the Advisor is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Advisor is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

**Item 2: Material Changes**

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

**Item 3: Table of Contents**

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## **Item 4: Advisory Business**

The Advisor is an investment advisor organized as a limited liability company under the laws of the State of Delaware, with a principal place of business in New York, New York. The Advisor commenced operations as an investment adviser on February 1, 2012 and filed an initial application to register as an investment adviser with the SEC on February 14, 2012. Todd Kantor (the "Portfolio Manager") is the founder, principal owner and portfolio manager of the Advisor. The investment decision-making authority is principally vested with the Portfolio Manager.

The Advisor serves as an investment manager and provides investment advisory services on a discretionary basis to private pooled investment vehicles (the "Funds") that are offered to investors satisfying the applicable eligibility and suitability requirements, either in private offerings within the United States or in offshore transactions. In addition, the Advisor also provides investment sub-advisory services (as "Sub-Advisor") to institutional investors through sub-advised accounts (the "Sub-advised Accounts" and collectively with the "Funds", the "Client Accounts").

The Advisor's investment advisory services generally focus on advice related to investments, both long and short, in the equity and equity-linked securities of companies in the United States and abroad in energy and energy-related markets.

The Advisor provides investment advice directly to the Client Accounts and not individually to investors in the Client Accounts (the "Investors"). The Advisor does not tailor advisory services to the individual needs of Investors.

The Advisor generally does not permit Investors to impose restrictions on investing in certain securities or certain types of securities. The Advisor manages the assets of the Client Accounts in accordance with the terms of each Client Account's governing documents, which include, as applicable, any confidential explanatory or private placement memorandum, limited partnership agreement, memorandum and articles of association, investment management agreement, investment advisory agreement, sub-advisory agreement, sub-management agreement and other applicable governing documents (collectively, the "Governing Documents").

As of December 31, 2020, the Advisor managed approximately \$2,040,958,963 regulatory assets under management, all of which are managed on a discretionary basis.

## **Item 5: Fees and Compensation**

### Asset Based Compensation

The Advisor is paid a fixed management fee (the "Management Fee"), quarterly in advance. Each Fund's Governing Documents contain a detailed description of the fees applicable to an investment in such Fund. In certain cases, the Management Fee may be reduced, as further described in the applicable Governing Documents. The Management Fee is not negotiable.

In the event an additional contribution is made to a Fund during a quarter, the Management Fee will be charged as of the date of the additional contribution based on the value of the net assets as of such date and will be prorated for the number of days remaining in the quarter. In the event a withdrawal or redemption is made from a Fund during a quarter, the Fund will either be refunded a portion of the Management Fee or will receive a credit for that portion of the Management Fee for the subsequent quarter, as further described in the applicable Governing Documents, in each case based on the number of days remaining in the quarter.

The Management Fee is generally deducted from the Funds by their administrator upon the Advisor's proper instructions.

The Advisor, in its sole discretion, may, in effect, waive or reduce the Management Fee for Investors that are members, employees or affiliates of the General Partner (as defined below) or the Advisor, relatives of such persons and for certain large or strategic Investors.

Management fees with respect to the Sub-advised Accounts are calculated and paid in accordance with each Sub-advised Account's Governing Documents.

### Performance Based Compensation

An affiliate of the Advisor that serves as general partner of certain of the Funds (the "General Partner") is entitled to receive an annual performance-based allocation of a percentage of net profits (including unrealized gains) allocated to the Funds (the "Performance Allocation"). Each Fund's Governing Documents contain a detailed description of the Performance Allocation applicable to an investment in such Fund. The Performance Allocation is subject to a "loss carryforward" provision and is not negotiable.

The General Partner, in its sole discretion, may waive or modify the Performance Allocation for Investors that are members, employees or affiliates of the General Partner (as defined below) or the Advisor, relatives of such persons and for certain large or strategic Investors. The Funds do not intend to enter into side letters with Investors.

Performance-based compensation with respect to the Sub-advised Accounts is calculated and paid in accordance with each Sub-advised Account's Governing Documents.

### Other Fees and Expenses

In addition to paying the Management Fee and if applicable, the Performance Allocation, the Funds are also subject to other investment expenses including: Fund legal, compliance

(including, but not limited to, ongoing consulting services, Form 13F, Schedule 13G and 13D filings, Form 13H, Section 16 filings, Form D and blue sky compliance) third party administrator, market data, tax preparation, audit and accounting fees and expenses (including third party accounting services); shareholder proxy voting services, if applicable; organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related software and systems, research-related travel, meals and lodging expenses); interest on margin accounts and other indebtedness; borrowing charges on securities sold short and any other expenses associated with financing the Funds' portfolios; custodial fees; bank services fees; the Funds' pro-rata share of fund-related insurance costs (including D&O and E&O insurance and a fidelity bond for the Advisor, the General Partner, and if applicable, outside directorship liability); directors' and advisory board fees and expenses, if applicable; the Funds' pro rata share of expenses related to the implementation and licensing of trading, risk management and order management systems; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

The Advisor has developed a proprietary risk management system that it uses in connection with managing the Funds' portfolios. In the future, the Advisor may charge the Funds licensing fees in connection with such use, and such fees will not offset or reduce the Management Fee paid to the Advisor or Performance Allocation allocated to the General Partner. Prior to charging such fees to the Funds, the Advisor will determine that such fees are reasonable in light of the services being provided. While the Advisor believes that this proprietary system is unique and best-suited to assist it in managing risk, other risk management systems may cost the Funds less than the Funds will pay for its use.

In addition, to the extent the Funds' assets are invested in money market mutual funds, the Funds will bear their pro rata share of the investment management fees and other fees of those funds, which are in addition to any fees or other compensation paid to the Advisor.

Expenses paid by the Sub-advised Accounts are set forth in each Sub-advised Account's Governing Documents.

The allocation of expenses by the Advisor between it and any Client Account and among Client Accounts represents a conflict of interest for the Advisor. The Advisor has adopted an expense allocation policy that is designed to address this conflict. The Advisor allocates expenses to each Client Account in accordance with the arrangements each Client Account has with the Advisor (including applicable Client Account disclosures). When applicable, the Advisor seeks to allocate shared expenses for products and services benefitting the Advisor and a Client Account and not covered in the Client Account's arrangements in a fair and reasonable manner. The Advisor allocates common client expenses among multiple Client Accounts pro rata based on gross assets under management or other equitable allocation methodology that reflects actual usage of a resource, as of the beginning of each month. The Advisor may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular Client Account or group of Client Accounts.

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

As described above, the Advisor receives performance-based compensation, which constitutes a share of net profits (including unrealized gains) allocated to the Client Accounts. Performance-based compensation may create an incentive for the Advisor to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. The performance-based compensation received by the Advisor is based on a share of net profits, including unrealized gains. As a result, the performance-based compensation could be based on unrealized gains that Client Accounts may never realize. Additionally, certain Client Accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other Client Accounts. Therefore, the Advisor and its investment personnel have a greater incentive to favor Client Accounts that pay the Advisor (and indirectly its investment personnel) higher asset-based and/or performance-based compensation.

The Advisor has a fiduciary obligation to use its best efforts to ensure that no Client Account is treated unfairly in relation to any other client in the allocation of securities or investment opportunities or in the order in which transactions are executed. Accordingly, the Advisor will seek to allocate orders and investment opportunities among its Client Accounts in a manner that it believes is fair and in the best interests of all the Client Accounts and in accordance with the applicable Governing Documents and the Advisor's policies and procedures. However, the Advisor may give advice and take action, with respect to any particular Client Account that may differ from the advice given to, or the timing or nature of action taken for, other Client Accounts. There can be no assurance that an investment opportunity that comes to the attention of the Advisor will be allocated to all or any of the Client Accounts. In addition, depending on the facts and circumstances, certain Client Accounts may be unable to participate in a particular investment opportunity or may participate in an opportunity only on a limited basis. The Advisor makes investment allocation determinations based on a variety of factors, including but not limited to: risk limitations or parameters; Client Account investment objectives, risk tolerance, and time horizon; Client Account imposed mandates or investment restrictions; capital available for investment; and other factors.

The Advisor is generally not obligated to trade the assets of the Client Accounts on a *pari passu* basis. The Advisor is a fiduciary to the Client Accounts regarding portfolio management decisions such as when and how much leverage to use, when to liquidate investments and similar decisions. The Advisor has instituted procedures (i) to ensure that, during any period where the Advisor manages multiple Client Accounts, all Client Accounts will be treated fairly, and (ii) to prevent conflicts from influencing the Advisor's allocation of investment opportunities.

In circumstances where the Advisor aggregates orders for the Client Accounts for the purchase or sale of securities, absent other compelling circumstances, orders would generally be allocated among Client Accounts *pro rata* based on invested capital or such other allocation method that the Advisor determines is fair under the circumstances. In addition, in such circumstances, transactions for the Client Accounts will be price-averaged.

It is the Advisor's practice, where possible, to aggregate transactions for the Client Accounts for the purchase or sale of the same security. Such aggregation may enable the Advisor to achieve more efficient execution or to provide for equitable treatment among Client Accounts. Client Accounts participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

## **Item 7: Types of Clients**

The Advisor's clients consist of the Funds and the Sub-advised Accounts.

The minimum investment required to invest in the Funds is described in the applicable Fund's Governing Documents. The Advisor, in its sole discretion, may waive or reduce any minimum initial or subsequent investment amount in the Advisor's sole discretion.

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

The Advisor generally focuses on investments, both long and short, in the equity and equity-linked securities of companies in the United States and abroad in energy and energy-related markets, including natural gas, crude and refined oil products, steel and other metals, chemicals, power, coal, alternative energy (e.g., bio fuels (such as ethanol), bio mass, wind, solar, hydro, geothermal, hydrogen, batteries, etc.), engineering, construction and shipbuilding companies, railroads, airlines and the securities of other companies that are derivative of the energy sector, including industrials, materials, agriculture/food products, the automobile industry and other industries that the Advisor considers to be derivative of energy. The Client Accounts may also invest in derivatives, commodities, including futures, debt securities, including convertible debt securities, and other investments. Further, certain of the Client Accounts may invest a portion of their assets in illiquid investments, including without limitation, real estate-related assets (including leases and royalties), private investments in public equity ("PIPEs"), container freight derivatives, and private equity investments, subject to certain restrictions imposed on such illiquid investments set forth in the Client Accounts' Governing Documents.

Fundamental long/short equities strategies are a principal focus of the Advisor's investment activities. In its fundamental long/short equities strategies, the Advisor uses both fundamental top-down and bottom-up analysis in an attempt to develop a deep, fundamental view of individual companies and sectors. Within the fundamental long/short equities strategies, the Advisor attempts to identify relative values within a sector by selecting the under- and out-performers, and takes long and short positions on behalf of the Client Accounts to express these views. To identify under- and out-performers, the Advisor relies on fundamental, quantitative and/or statistical analysis. The Advisor utilizes risk management and other systems to provide quantitative insights that allow proactive management of the portfolio across all aspects of the investment process.

These methods, strategies and investments involve risk of loss to the Client Accounts, and the Client Accounts must be prepared to bear the loss of their entire investment.

Material risks (including significant or unusual risks) relating to the Advisor's investment strategies include:

**Issuer-Specific Changes.** Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Fundamental Value.** The Advisor engages in fundamental value investment strategies wherein the Advisor attempts to invest in asset-oriented securities the Advisor believes are undervalued by the market.

Short Selling. Short selling transactions expose the Client Accounts to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Advisor in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Advisor might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Leverage. The Advisor's investment program utilizes leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to increase the amount of capital available for marketable securities investments.

Hedging. The Advisor may utilize a variety of financial instruments such as derivatives, options, swaps, futures and forward contracts and other derivative instruments as part of its investment strategy and/or for risk management purposes. There can be no assurances that a particular hedge is appropriate, or that certain risks are measured properly. Further, while the Advisor may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Advisor's investment portfolios than if the Advisor did not engage in any such hedging transactions.

Lack of Diversification. Client Accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, Client Account portfolios may be subject to more rapid change in value than would be the case if the Advisor were required to maintain a wider diversification among types of securities and other instruments.

Consideration of Environmental, Social and Governance Factors. Although the Advisor does not have any specific ESG (as defined below) objectives for the Client Accounts, the Advisor may incorporate environmental, social and governance ("ESG") factors obtained from third party service providers into its fundamental company analysis, believing that ESG issues have the potential to materially impact future business prospects or earnings power. The Advisor's portfolio management team may use ESG inputs to help identify the potential effect on certain individual stocks. ESG factors may be considered as an input into the overall research process and so may affect the securities in which Client Accounts may invest, but are not expected to be the primary factor in the selection or exclusion of an issuer or security for investment. As a result of including any such ESG factors in its analysis, the Advisor's portfolio management team may take action (e.g., make or not make or dispose or not dispose of an investment) when it would otherwise not have done so, which could adversely affect the performance of a Client Account.

Risks (including significant or unusual risks) associated with types of securities primarily recommended by the Advisor include:

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small

cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Energy-Related Investments. The Client Accounts invest in a wide range of energy and energy-related markets including natural gas, crude and refined oil products, steel and other metals, chemicals, power, coal, alternative energy (e.g., bio fuels (such as ethanol), bio mass, wind, solar, hydro, geothermal, hydrogen, batteries, etc.), engineering, construction, shipbuilding companies, railroads, airlines, industrials, materials, agriculture/food products, automobiles and other industries that the Advisor considers to be derivative of the energy sector. The Client Accounts may invest through physical and financial derivative instruments. The energy and energy-related markets are susceptible to significant short-term price volatility as a result of a variety of factors which are inherently unpredictable, such as weather-related events, rate and tariff regulation, changes in law (including environmental laws), government ownership of certain major market participants, the unstable political situation in the Middle East and elsewhere, war, terrorist attacks, consumer advocacy and the trading activity of market participants. The energy markets are also subject to price volatility as a result of breakdowns in the facilities necessary to produce, refine, transport, store and deliver physical energy.

Derivatives. Swaps, certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Advisor. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose Client Accounts to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations or that utilize resources or technologies in foreign jurisdictions can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. markets.

Illiquid Investment Instruments. Certain of the Client Accounts may invest a portion of their assets in illiquid investments, including without limitation, real estate assets related to the oil,

gas and coal industries (including leases and royalties), PIPEs, container freight derivatives, and private equity investments, subject to certain restrictions imposed on such illiquid investments set forth in the Client Accounts' Governing Documents. From time to time, certain of such investments may be, or may become, illiquid and may not have readily ascertainable fair market values. Valuation of such illiquid investments, taking into account the factors unique to such investments, will be made consistent with each Client Account's Governing Documents. Such valuations will affect the Client Accounts performance reporting as well as the calculation of Management Fees and performance-based compensation. In addition, the Client Accounts may only be able to liquidate these investments, if at all, at disadvantageous prices, should the Advisor determine, or it become necessary to do so.

### Cybersecurity Risk

The Client Accounts, the Advisor and their service providers may be prone 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 or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Advisor, the Client Accounts and their service providers may adversely impact the Client Accounts.

In addition, despite certain measures established by the Advisor and third-party service providers to safeguard information in these systems, the Advisor, the Client Accounts 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. Any such errors and/or disruptions may lead to financial losses, liability under applicable law, regulatory intervention or reputational damage.

### Risk Management Failures

Although the Advisor 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 Advisor, are based on historical market behavior, however, future market behavior may be entirely different and accordingly, the risk management techniques employed on behalf of the Client Accounts may be incomplete or altogether ineffective. Similarly, the Advisor may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to Client Accounts.

### 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 Advisor'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 Advisor provides investment advice to the Client Accounts. The General Partner is affiliated with the Advisor by common ownership. Otherwise, the Advisor and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

The Advisor has the right to enter into co-investment arrangements with third parties or otherwise participate in pooled investment vehicles with others if the Advisor determines that such an arrangement represents the best way to access a particular investment opportunity or otherwise expand the investment expertise available.

In certain instances, the Advisor may waive redemption terms for employees.

Certain Funds are members of the sponsor of a Special Purpose Acquisition Company (“SPAC”) and also hold securities issued by the SPAC. The SPAC announced a proposed business combination on February 9, 2021, and the Funds and an account advised by the Advisor, have also invested in securities of the acquisition target. In its capacity as Advisor to the Funds, the Advisor assisted the SPAC in identifying and performing diligence on acquisition targets, although such activities were the primary responsibility of the SPAC’s management team. The Advisor had the right to consent to the proposed initial business combination (and will have the right to consent to any future potential business combination if the currently proposed business combination does not close) and may be eligible to be reimbursed for certain expenses incurred in connection with the foregoing activities performed on behalf of the SPAC. In addition, the Advisor made a small loan the SPAC’s sponsor to cover operating expenses and expenses in connection with the proposed business combination.

If the SPAC’s proposed business combination does not close, the Client Accounts may compete with the SPAC for future business combination or investment opportunities. In particular, the SPAC is also focused on investments in the energy industry. As a result, there may be substantial overlap between companies that would be a suitable business combination for the SPAC and companies that would make an attractive target for the Client Accounts. If the SPAC decides to pursue any such opportunity, Client Accounts may be precluded from procuring such opportunities. In addition, investment ideas generated by the Advisor may be suitable for both the SPAC and Client Accounts and may be directed to the SPAC rather than to Client Accounts. The Advisor will not have any obligation to present the SPAC with any opportunity for a potential business combination of which it becomes aware.

If the SPAC’s proposed business combination does not close, the SPAC may pursue an acquisition opportunity jointly with one or more entities affiliated with the Advisor or the Funds (an “Affiliated Joint Acquisition”) (although the SPAC does not intend to do so). An Affiliated Joint Acquisition would only occur if (i) permitted by applicable regulatory and other legal limitations; (ii) the SPAC and the Advisor (or the relevant Funds) considered a transaction to be mutually beneficial to all participating joint venturers; and (iii) other business reasons exist to do so, such as the strategic merits of including such co-investors, the need for additional capital beyond the amount held in the SPAC’s trust account to fund the initial business combination and/or the desire to obtain committed capital for closing the initial business combination.

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

Pursuant to Rule 204A-1 of the Advisers Act, the Advisor has adopted a written Code of Ethics (the "Code") predicated on the principal that the Advisor owes a fiduciary duty to the Client Accounts and its Investors. The Code generally requires the Advisor and its "Access Persons" (as defined below) to place the interests of the Client Accounts and their respective Investors above their own interests and the interests of the Advisor. The Code also requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code or applicable securities laws to the attention of the Advisor's Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of the Advisor (the "Employees"), each Employee's spouse, minor children and other immediate family members living in his or her household ("immediate family members"), as well as any other individuals designated in writing by the Chief Compliance Officer as being subject to all or a portion of the compliance procedures or policies adopted by the Advisor (collectively, the "Access Persons"). A copy of the Code will be made available to Investors upon request.

In particular, Employees must disclose all personal accounts and those of immediate family members initially upon commencement of employment, and annually thereafter. Employees and immediate family members are generally permitted to conduct personal securities transactions in ETFs, mutual funds, index options and commodities; and must pre-clear all transactions for a personal account involving Reportable Securities (as defined in the Code). Securities transactions within the energy sector are not permitted, except for broad based indices that incorporate a de minimis energy component at the sole discretion of the Chief Compliance Officer. All investments must be held for a minimum of 60 days. In addition, the Advisor requires periodic reporting of Employees' and immediate family members' personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. The Advisor endeavors to maintain current and accurate records of all personal securities accounts of its Employees and immediate family members in an effort to monitor all such activity.

Certain transactions in which the Advisor engages may require, for either business or legal reasons that no Employees or immediate family members trade in the subject securities for specified time periods. Such securities will appear on a list (the "Restricted List") that will be circulated to all Employees. No Employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer.

The Advisor and its Access Persons may give and/or receive gifts, 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 Advisor. The Advisor has adopted policies and procedures governing gifts

and business entertainment, which includes pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above certain de minimis thresholds.

The Advisor, in the course of its investment management and other activities (e.g., company meetings), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Advisor or its related persons have invested or seek to invest on behalf of the Client Accounts. The Advisor is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Advisor maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Advisor is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, the Advisor may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Advisor will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Advisor will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Advisor possesses such information), or not using such information for the client's benefit, as a result of following the Advisor's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Advisor and its personnel may have conflicts in allocating their time and services among the Client Accounts. The Advisor will devote as much time to each of the Client Accounts as it deems appropriate to perform its duties in accordance with its investment management agreements. In addition, the Advisor, its affiliates and Employees may conduct outside business activities.

## Item 12: Brokerage Practices

### Selection of Brokers

In making its decisions regarding the allocation of brokerage transactions for the Client Accounts, the Advisor seeks to obtain best execution, taking into account factors including, but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer; (iv) the quality, comprehensiveness, and frequency of available research services considered to be of value to the Advisor and its Client Accounts; (v) the value of brokerage services over and above trade execution provided to the Advisor and its Client Accounts; and (vi) the competitiveness of commission rates in comparison with other broker-dealers satisfying the Advisor's other selection criteria.

In selecting brokers or dealers to execute transactions, the Advisor is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Advisor's practice to negotiate "execution only" commission rates, thus the Client Accounts may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. The Advisor's Best Execution Committee meets periodically and at least annually to evaluate the broker-dealers used by the Advisor to execute trades for the Client Accounts using the foregoing factors.

The Advisor has entered into agreements on behalf of the Funds with certain brokers-dealers that act as prime brokers on behalf of the Funds. From time to time, the Advisor's personnel may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by those prime brokers. These conferences and programs may be a means by which the Advisor can be introduced to potential investors in the Funds. Currently, neither the Advisor nor the Funds compensate prime brokers for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events. While such events and other services provided by a prime broker may influence the Advisor in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds, the Advisor will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation nor will it allocate any trade to the broker-dealer unless it is otherwise consistent with seeking best execution.

### Soft Dollars

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Advisor will limit the use of "soft dollars" to obtain research and brokerage services, to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at

certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Further, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Client Accounts may be used by the Advisor to service one or more Client Accounts, including Client Accounts that may not have paid for the soft dollar benefits. The Advisor does not seek to allocate soft dollar benefits to Client Accounts in proportion to the soft dollar credits the Client Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Advisor (i.e., a "mixed use" item), it will make a good faith allocation of the cost which may be paid for with soft dollars based on the actual use of the product or service by the Advisor and its personnel. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Advisor's allocation of the costs of such benefits and services between those that primarily benefit the Advisor and those that primarily benefit the Client Accounts.

Relationships with brokers providing research products or services obtained with "soft dollars" to the Advisor may influence its judgment in allocating brokerage business, and may create a conflict of interest in using the services of these brokers to execute a Client Account's securities transactions. While the Advisor believes these relationships are beneficial to its Client Accounts, selecting brokers on the basis of considerations other than applicable commissions may at times result in higher transaction costs than would otherwise be the case.

When the Advisor uses Client Account commissions to obtain Section 28(e) eligible research and brokerage products and services, the Advisor's Best Execution Committee meets periodically and at least semi-annually to review and evaluate the Advisor's soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Advisor's overall responsibilities to the Client Accounts over which the Advisor exercises investment discretion.

Order Aggregation

The Advisor often purchases or sells the same security for multiple Client Accounts contemporaneously/at or near the same time and using the same executing broker. It is the Advisor's practice, where appropriate, to aggregate Client Account orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. Such aggregation may enable the Advisor to obtain for the participating Client Accounts a more favorable price or a better commission rate based upon the volume of a particular transaction. However, there may be circumstances in which a Client Account is precluded from participating in an aggregated trade with other Client Accounts and therefore receiving any benefits therefrom (*e.g.*, the Client Account has negotiated the commission rate directly with the broker, trading or investment restrictions are placed on a Client Account). When an aggregated order is completely filled, the Advisor generally allocates the securities purchased or proceeds of sale among Client Accounts pro rata based on invested capital or such other allocation method that the Advisor determines is fair under the circumstances. In addition, in such circumstances, transactions for the Client Accounts will be price-averaged. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a Client Account participating in the trade may pay a higher price than if the Advisor did not aggregate the order. If an aggregated order is only partially filled, the Advisor's procedures provide that the securities or proceeds are to be allocated in a manner deemed by the Advisor to be fair to the participating Client Accounts. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Client Accounts.

**Item 13: Review of Accounts**

The Client Account portfolios are reviewed with regard to positions held, risk, exposure and proper settlement on a daily basis by the Portfolio Manager, investment professionals, in-house operations and other the Advisor personnel, where appropriate. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

Investors in the Funds receive monthly capital account statements and quarterly transparency reports directly from the Funds' administrator, a monthly portfolio summary and for certain of the Funds, quarterly performance letters from the Advisor. The Funds receive annual audited financial statements prepared by the auditor for the Funds. Investors receive an annual report containing a copy of the audited financial statements for the applicable Fund.

**Item 14: Client Referrals and Other Compensation**

The Advisor does not directly or indirectly compensate any person for investor referrals. The Advisor may receive certain research or other products or services from broker-dealers through "soft dollar" arrangements. These "soft dollar" arrangements create an incentive for the Advisor to select broker-dealers based on the Advisor's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Advisor on behalf of Client Accounts. Please see Item 12 for further information on the Advisor's "soft dollar" practices.

## **Item 15: Custody**

The advisor and an affiliate are deemed to have custody of client assets and intend to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the pooled vehicle annual audit provision.

## **Item 16: Investment Discretion**

The Advisor maintains investment discretion and is generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or its underlying Investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

The Client Accounts are invested in accordance with a single strategy and trades are generally executed on an aggregate basis among the Client Accounts. Exceptions to this allocation methodology include, but are not limited to, differing legal or tax prohibitions among the Client Accounts, addressing issues, which do not equally impact each of the Client Accounts, and rebalancing due to disparities in capital activity (redemptions/subscriptions) in one or more of the Client Accounts. Accordingly, the Client Accounts, as a result, may experience some performance dispersion and there can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

When the Advisor manages multiple accounts, it may effect cross transactions between Client Accounts, except where prohibited under the agreement with the Client Account or prohibited under applicable law. Cross transactions will be effected in connection with portfolio rebalancing or other situations, such as cash flow events. Cross transactions enable the Advisor to effect a trade between two Client Accounts for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Any cross transactions will be effected at the close of the market on the day of the transaction and will be performed consistently with the Advisor's policies and procedures. Transaction costs, if any, will be apportioned pro-rata between the participating Client Accounts. The Advisor has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. A determination will be made as to whether a cross transaction is appropriate for a given Client Account or in a given transaction and in accordance with any client or regulatory restrictions.

Allocations will be made among Client Accounts eligible to participate in initial public offerings ("IPOs") and secondary offerings on a pro rata basis, except when the Advisor determines in its discretion that a pro rata allocation is not appropriate based on a Client Account's investment guidelines, a Client Account's status as a "restricted person" and/or "covered investor" under applicable regulations and/or other considerations the Advisor deems relevant under the circumstances.

Trade and other clerical errors resulting in gains or losses will be borne by the Client Accounts and will not be retained by the Advisor. The Advisor is under no obligation to reimburse the Client Accounts for trade and other operational errors made by the Advisor, its agents and affiliates, as such errors are considered by the Advisor to be a cost of doing business. Any correction of a trade or other operational error will only be made to the extent required to attempt to minimize any loss related to such error in the Client Accounts.

Notwithstanding the foregoing, the Advisor will be obligated to reimburse the Client Accounts for any trade or other operational error resulting from the Advisor's fraud, bad faith, willful misconduct or gross negligence, or as set forth under the exculpation of liability and indemnification provisions of the applicable Governing Documents maintained with the Client Accounts. The Advisor, subject to its fiduciary obligations, will determine whether or not any trade or other clerical error is required to be reimbursed in accordance with such liability and exculpation provisions. The Advisor, in its sole discretion, reserves the right to reimburse the Client Accounts for any trade or other operational error. The Advisor's reimbursement of the Client Accounts for any particular error will not constitute a waiver of any policy to cause the Client Accounts to bear the losses from other trade or other operational errors.

## **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, the Advisor has adopted and implemented written policies and procedures governing the voting of client securities.

It is the policy of the Advisor to exercise its proxy voting rights in the best interest of its Client Accounts, taking into consideration all relevant factors, including without limitation, acting in a manner that the Advisor believes will (i) maximize the economic benefits to the relevant Client Account, and (ii) promote sound corporate governance by the issuer.

The Advisor has voting procedures in place designed to enable the Advisor to resolve material conflicts of interest that may arise between the Advisor, the Client Accounts and their underlying Investors, before exercising voting rights.

All proxies that the Advisor receives will be treated in accordance with these policies and procedures. A copy of the Advisor's written proxy voting policies and procedures, as well as a record of how the Advisor has voted in the past, will be maintained and available for review upon written request.

In general, it is the policy of the Advisor not to participate in class action lawsuits. The Advisor reserves the right to participate in such lawsuits, if in the opinion of the Advisor, such participation would be in the best interests of the Client Accounts.

## **Item 18: Financial Information**

This Item is not applicable.