

**Item 1. Cover Page**

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**Part 2A of Form ADV  
(The “Brochure”)**

March 31, 2021

This Brochure provides information about the qualifications and business practices of Pura Vida Investments, LLC (together with its relying adviser, the “Adviser”). If you have any questions about the contents of this Brochure, please contact Alyssa Romano at 646-597-6995 or [alyssa@puravidafunds.com](mailto:alyssa@puravidafunds.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

## **Item 2. Material Changes**

The Adviser does not consider any of the changes in this Brochure to be material from its previous Brochure dated March 25, 2020. The Adviser's valued current and future investors are encouraged to read this Brochure, as well as all of the governing and offering documents applicable to their current or prospective investment, in their entirety.

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#### **Item 4. Advisory Business**

The Adviser is an investment advisory firm with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in September of 2012. Efreem Kamen is the managing member (the “Managing Member”) and principal owner of the Adviser.

The Adviser provides discretionary investment advisory services to its clients, which currently are private pooled investment vehicles, intended for institutional and other sophisticated investors (“the Funds”) and managed accounts (collectively, with the Funds, the “Clients”). The Adviser generally has broad and flexible investment authority with respect to each Client’s investment portfolio. It provides investment advisory services to the Clients based on each Client’s specific investment objectives and strategies. The Adviser does not tailor its advisory services to the individual needs of investors in the Funds. Each Client may have investment restrictions on investing in certain securities or other assets, to the extent such securities are outside of the applicable Client’s existing investment program, as set forth in each investment advisory agreement, private placement memorandum, operating and subscription agreements and/or other constituent document (collectively, “Governing Documents”).

As of December 31, 2020, the Adviser had approximately \$1,748,431,619 in client regulatory assets under management, all of which were managed on a discretionary basis.

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

The Adviser charges certain of the Clients an investment management fee (the “Management Fee”) based on either the value of the Client’s assets under management or, for certain investments, the lower of the investment’s cost or market value. The Management Fee for Funds is generally payable to the Adviser monthly in advance and is at an annual rate of up to 2% of the value of each investor’s account as of the first day of the applicable month. The Management Fee will be prorated for any period that is less than a full month, and will be adjusted for subscriptions. For the Funds, the Adviser instructs the Fund’s administrator to deduct the Management Fee from the Fund’s account.

In addition, the Clients are subject to carried interest or incentive allocation (collectively, the “Performance Fee”) as set forth in the Client’s Governing Documents and is equal to a specified percentage of all income, gains and losses derived from portfolio investments. Either the Adviser or the general partner of the Funds is paid or allocated the Performance Fee.

In addition, the Clients may be subject to other expenses, such as legal, administration, accounting, auditing, insurance, proxy voting services and other professional expenses, investment expenses such as commissions, lobbying, research fees and expenses (including research-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees, bank service fees and other expenses related to the purchase, sale or transmittal of Client assets (including designated investments). It is important that each investor who is considering an investment in a Client review the Governing Documents applicable to that Client for a detailed description of the fees and expenses applicable to such investment. Investors should review carefully Item 12, which discusses conflicts of interest related to brokerage practices.

The Adviser, in its sole discretion, may waive or reduce the Management Fee and the Performance Fee for investors including those that are members, employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors.

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

As discussed in Item 5, the Adviser or its affiliate, the General Partner or Pura Vida Pro GP, LLC, is paid or allocated performance-based compensation by the Clients.

The Adviser's receipt of Performance Fees is intended to align the Adviser's interests with those of the Clients and to provide the Adviser with a greater incentive to manage assets well. The nature of the Performance Fee, however, creates a potential conflict of interest among the Adviser, its associated persons, and its Clients. The Adviser has an incentive to allocate investments that are expected to be more profitable to accounts from which it collects Performance Fees, on the one hand, and that are riskier on the other hand, since in both scenarios, the Adviser may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, the Adviser reviews allocations among accounts to ensure that it does not favor accounts that pay greater Performance Fees.

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

As described in Item 4, the Adviser's clients, the Clients, are private pooled investment vehicles, suitable for institutional and other sophisticated investors, and a managed account. Any initial and additional subscription minimums for investors in Funds are disclosed in each Fund's Governing Documents.

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

The Adviser generally employs a fundamentally driven investing approach that is focused on the healthcare sector. The Adviser uses a broad set of research tools in constructing its investment portfolios.

The Adviser may, from time to time, make activist and/or control investments with respect to the issuer of an asset held in a Client's portfolio.

The Adviser's investment strategies primarily involve trading equity and debt, both long and short, as well as derivatives, of public and private issuers globally. The Adviser may hedge positions in a Client's portfolio and it may use leverage.

This strategy may be deemed to be highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who can bear the risk of the loss of their entire investment and who have a limited need for liquidity. The Adviser can give no assurance that its investment strategy will achieve its investment objective. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment in a Client.

The following summary identifies the material risks related to the Adviser's investment strategy and should be carefully evaluated before making an investment with the Adviser. The following does not intend to identify all possible risks and conflicts of interest associated with an investment with the Adviser or provide a full description of the identified risks. All investors and potential investors must review each Client's Governing Documents carefully before deciding to invest or maintain an investment with the Adviser.

*Nature of Investments.* The Adviser has broad discretion in making investments for Clients. Investments will generally consist of equity and debt securities, as well as derivative 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.

*Lack of Diversification.* The portfolios of certain Clients may consist of a limited number of investment positions and will therefore not be diverse. In fact, the portfolios of certain funds may consist of as few as one investment. As a result, the investment portfolio of such Clients is subject to more rapid changes in value than would be the case if the Client were required to maintain diversification among issuers, industries, geographic areas, capitalizations or types of securities.

*Biotech/Healthcare Companies.* Healthcare companies, including but not limited to cannabis companies, are generally subject to greater governmental regulation than other industries. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage, adversely affecting the company's revenues and profitability. Expansion of facilities by healthcare providers is subject to "determinations of need" by the appropriate government authorities. This process increases the time and cost involved in these expansions, and also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare facilities operators and negatively affecting the price of their securities. Certain healthcare companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products which cost less to develop and may cause the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of healthcare companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The share price of a healthcare company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

*Equity Related Instruments.* The Adviser intends to use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

*Leverage.* The Clients may utilize leverage. The use of leverage results in a Client controlling substantially more assets than the Client has equity. The use of leverage exposes a Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client 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 Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses. The Adviser may not be able to obtain leverage for a Client. If so the Client may not be able to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could force the Adviser to unwind positions quickly at prices below fair value.

*Short Sales.* Short sales may substantially increase the impact of adverse price movements on a 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. Also, securities necessary to cover a short position may not be available for purchase.

*High Growth Industry Risks.* The Clients may have significant investments in high growth companies (e.g., healthcare). These investments may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or

with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

*Investor Activism.* A Client may occasionally take an activist position in an attempt to influence the future direction of target companies. If a Client takes such a position, there exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Client's purchase of the securities and the anticipated results. During this period, a portion of the Client's capital would be committed to the securities purchased, and the Client typically might finance some portion of such purchases with borrowed funds on which it must pay interest. Additionally, if the anticipated results do not in fact occur, the Client may be required to sell its investment at a loss. Moreover, there may be instances where the Client will be restricted in transacting in or redeeming a particular investment as a result of its activist investment strategy. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the Client may invest, there exists a potential risk of loss by the Client of its entire investment in such companies.

The Client may also attempt to build strong relationships with company management. In certain cases, the Client's attempts to influence a company's management may result in an affiliate of the Adviser taking a seat on the company's board of directors. In such a case, there exists the risk that the Client will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which a Client may invest, there exists a potential risk of loss by the Client of its entire investment in such companies.

*Control Positions.* To the extent that a Client owns a controlling stake in or is deemed an affiliate of a particular company, it may be subject to certain securities laws restrictions which could affect both the liquidity of the Client's interest and the Client's ability to liquidate its interest without adversely impacting the stock price, including insider trading restrictions and the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933. In addition, to the extent that affiliates of a Client or the Adviser are subject to such restrictions, the Client, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Client stands to benefit from such affiliate's stock ownership.

If a Client, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a director on the board of directors of such a company, the Client may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Furthermore, the Client may also be subject to similar reporting requirements in non-U.S. jurisdictions where it holds significant positions in the securities of public companies in such jurisdictions.

*Lending Risks.* To the extent that a Client engages in active lending transactions, it will be subject to risks associated with possible default by the borrower, insufficient collateral and legal and other costs incurred in collecting on a defaulted loan. In addition, active lending by a Client may subject it to additional regulation, as well as possible adverse tax consequences to the Client and/or its investors.

*Small to Medium Capitalization Companies.* A Client may invest a portion of its assets in the stocks of companies with small-to medium-sized market capitalizations. While the Adviser believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies.

*Debt Securities.* A Client may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. A Client may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Client may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Non U.S. Securities.* To the extent a Client invests in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies, or utilizes options on non-U.S. securities, there are 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.

*Currency Risks.* To the extent a Client's investments are denominated in a foreign currency, such investments are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client may attempt to hedge such risks.

*Derivatives, Counterparty and Settlement Risks.* To the extent that a Client invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Client, and hence the Client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

*Special Situations.* A Client may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations,



bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Client may invest, there is a potential risk of loss by the Client of its entire investment in such companies.

*Convergence Risk.* A Client may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Client's trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, the Client may incur a loss.

*Interest Rate Risk.* Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Adviser may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes.

*Options.* The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

*Lack of Liquidity of Client Investments.* Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

*Incentive Allocation.* The allocation of a percentage of a Client's net profits to the Adviser from the investors may create an incentive for the Adviser to cause the Client to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

*Substantial Withdrawals.* In the event that there are substantial withdrawals from a Client, it may be more difficult for the Client to generate returns since it will be operating on a smaller asset base. The Client will be responsible for fees and expenses regardless of its size or profitability. Also, if there are substantial withdrawals within a limited period of time, it may be difficult for the Client to provide sufficient funds to meet such withdrawals without liquidating positions prematurely at an inappropriate time or on unfavorable terms.

*Side Letters.* The Funds may enter into agreements (“side letters”) with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the Fund’s offering memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; have a higher percentage of the investor’s capital contribution allocated to selected investments; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees or withdrawal charges to be paid by the investor and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Fund investors and such other rights as may be negotiated by the Fund and such investors.

*Reliance on Efrem Kamen.* The success of the Clients is significantly dependent upon the expertise and efforts of Efrem Kamen. While the Adviser has other employees, there could be adverse consequences to the Clients in the event that Efrem Kamen ceased to be available.

*Disclosure of Positions.* The Adviser, in its sole discretion, may permit a Fund to disclose some or all of its positions on a select basis to certain investors if it determines that there are sufficient confidentiality agreements and procedures in place.

*Potential Conflicts of Interest.* The Adviser may serve as the investment manager for multiple Funds or separately managed accounts, each of which may utilize substantially the same investment strategy. The Adviser will use its best efforts in connection with the purposes and objectives of each and will devote so much of its time and effort to the affairs of each as may, in its judgment, be necessary to accomplish the purposes of each. Pursuant to the terms of the relevant Governing Documents, the Adviser, and certain related parties such as the Fund’s general partner, directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the “Affiliated Parties”) may conduct any other business, including any business within the securities industry, whether or not such business is in competition with a particular Fund or separately managed account. Without limiting the generality of the foregoing, the Adviser and the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of a particular Client. In addition, the Adviser and the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which a Client invests as well as interests in investments in which a Client does not invest. The Adviser and the Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to a particular Fund. To the extent a particular investment is suitable for multiple Funds or separately managed accounts, such investments will be allocated pro rata based on assets under management or in some other manner that the Adviser and the Affiliated Parties determine is fair and equitable under the circumstances to all.

Additionally, the Investment Manager intends to build and maintain strong relationships with the management teams of companies. To maintain its competitive edge, the Investment Manager plans to utilize its established relationships with the management teams of such companies. Such relationships has lead to offers to join the boards of, and provide consulting services or other services (the “Services”) to, certain companies, including, but not limited to, companies that are held in the Clients’ portfolios (“Portfolio Companies”). It is contemplated that, in certain of these arrangements, the Investment Manager, its affiliates or certain of the Investment Manager’s principals or employees, will receive compensation for providing such Services. The primary purpose of providing Services to Portfolio Companies would be to aid the management of such companies in their efforts to make business decisions that are in the best interest of their company’s shareholders, including the Clients. While receiving compensation for providing

Services to Portfolio Companies would pose an actual or perceived conflict of interest, the Investment Manager believes that the potential benefit to the company's shareholders, including the Clients, derived from the Investment Manager's efforts far outweigh the potential drawbacks associated with such conflicts. As part of its fiduciary duty, the Investment Manager has adopted policies and procedures to address and mitigate such conflicts.

As a result of the foregoing, the Adviser and the Affiliated Parties may have conflicts of interest in allocating their time and activity between Funds and other entities, in allocating investments among Funds and other entities and in effecting transactions for the Funds and other entities, including ones in which the Adviser and the Affiliated Parties may have a greater financial interest.

In addition, purchase and sale transactions (including swaps) may, to the extent not otherwise prohibited by applicable law, be effected between the Funds and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

*Business and Market Disruptions.* Both the operation of the Clients and the markets and investments in which the Clients invest are subject to disruptions due to national or global health emergencies, natural disasters such as floods, earthquakes, and other extreme weather conditions, and man-made catastrophes such as acts of terrorism and sabotage, and other extreme circumstances that are out of the control of the Clients, such as power outages or failures, which cause Client prices of investments to behave erratically and to move in non-historical directions. Such disruptions may close markets or the Adviser's access to such markets, causing substantial losses to a Client. Counterparties of the Clients are also susceptible to business disruptions which may cause substantial losses to the Clients as well.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

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

Neither the Adviser nor its management persons has any existing or pending affiliations with a broker-dealer or registered representative of a broker-dealer.

The Relying Adviser is an investment adviser owned and controlled by the Managing Member. It is thus an affiliated other investment adviser and related person to the Adviser. The Adviser does not expect any conflicts of interest to arise that are material to its advisory role to the Clients.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with the Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. For additional information about the Code or to request a copy, please contact Alyssa Romano at 646-597-6995 or [alyssa@puravidafunds.com](mailto:alyssa@puravidafunds.com). See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the

Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

To the extent that the Adviser or its related persons invest in the same securities that the Adviser or a related person recommends to a Client, such practices present a conflict where, the Adviser or its related person is in a position to trade in a manner that could adversely affect the Clients. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: the Adviser requires its related persons to pre-clear certain transactions in their personal accounts with the Adviser's chief compliance officer (the "Chief Compliance Officer") or his delegate, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on a Client. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All related persons to the Adviser are also required to provide quarterly certifications of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer or his delegate and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent the Adviser buys or sells securities for a Client, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the client.

## **Item 12. Brokerage Practices**

Selecting or Recommending Broker-Dealers: The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser receives research or brokerage services from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser limits the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934. 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, and services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between and 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 to the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for the research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving the research or other products or services, rather than on the Clients' interest in receiving most favorable execution. The Adviser may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). In the event that Adviser uses soft dollar benefits, the Adviser will use such benefits to service all Client accounts rather than only those accounts that paid for the benefits.

At least annually, selected supervised persons of the Adviser will meet to review the execution performance of its brokers. The review of brokers will consist of various factors, including, as applicable, the factors set forth above, and any other factors that the reviewers deem necessary for the adviser to make a reasonable decision about its best execution determinations. During the last fiscal year, there were no directed client transactions to a particular broker-dealer in return for client referrals.

The Adviser does not recommend, request, or require a client to direct the Adviser to execute transactions through a specified broker-dealer.

The Adviser does not permit a Client to direct the Adviser to execute transactions through a specified broker-dealer except, if agreed to in the relevant investment management agreement.

Aggregation of Orders: The Adviser may aggregate purchase and sale orders of investments held by a Client's account with similar orders being made simultaneously for other Funds or accounts if, in the Adviser's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such Client based on an evaluation that the Client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for a Client's account will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Adviser's sole discretion, and the Client's account may be charged or credited, as the case may be, with the average transaction price.

Allocation of Trades: The Adviser may at times determine that certain investments will be suitable for acquisition by a Fund and by other accounts managed by the Adviser, possibly including the Adviser's own accounts or accounts of an affiliate. If that occurs, and the Adviser is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Adviser deems advisable, the Adviser will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Adviser considers them to be suitable. The Adviser may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the

securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved. Additionally, there may be times where a Client has a prior investment or commitment to a company which then has a public offering. In this case, such Client may get a larger allocation to the new issue as a result of its prior relationship with the company.

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

The Adviser's portfolio managers regularly review and monitor each Client's portfolio to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Client's performance.

Fund investors receive reports from the Funds as described in the Funds' Governing Documents.

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

The Adviser receives certain research or other services from broker-dealers through soft dollar arrangements. Soft dollar arrangements may create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser'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 Adviser on behalf of the Clients.

The Adviser currently uses a broker-dealer, and may in the future use, other broker-dealers, placement agents and other persons to refer Clients or investors and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the Adviser's own expense. In certain cases, the Adviser reserves the right to deduct a percentage of the amount invested by a Fund or investor to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer, placement agent or other person based upon the investment of the Fund or investor introduced to the Adviser by such broker-dealer, placement agent or other person. Any such sales fees or charges shall be assessed against the referred Fund or investor and shall reduce the amount actually invested by the Fund or investor with the Adviser.

### **Item 15. Custody**

Rule 206(4)-2 promulgated under the Investment Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Investment Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, FCM and certain foreign financial institutions. Currently, the Adviser has custody over certain Funds' assets.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. However, The Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle:

(i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception for the Funds and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Clients. Please see Item 4 for a description of any limitations the Clients may place on the Adviser's discretionary authority.

The Adviser entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser's discretion, prior to assuming full discretion in managing the Clients' assets.

The Adviser has the authority to determine (i) the securities to be purchased and sold for each of the Clients, subject to each Client's investment restrictions, and (ii) the amount of securities to be purchased or sold for the Clients. Because of the difference in the Clients' respective investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among the Clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among the Clients: (i) each Client's investment objective and strategy; (ii) each Client's risk profile; (iii) tax status and restrictions placed on the Client's portfolio by the Client or by applicable law; (iv) size of the Client; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to an eligible Client on a pro rata basis (based on assets under management), these factors may lead the Adviser to allocate securities to the Clients in varying amounts.

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

To the extent the Adviser has been delegated proxy voting authority on behalf of a Client, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to a Client's securities, such proxies are voted in the best interests of the Client.

If a material conflict of interest between the Adviser and the Clients exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Clients or take some other appropriate action.

For additional information about the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Clients' proxies, please contact Alyssa Romano at 646-597-6995 or [alyssa@puravidafunds.com](mailto:alyssa@puravidafunds.com)

#### **Item 18. Financial Information**

The Adviser does not require or solicit prepayments of fees six months or more in advance.

The Adviser has discretionary authority and deemed custody of certain of the Clients' funds or securities.

The Adviser does not foresee any conditions that would impair its ability to meet its contractual commitments.

The Adviser has never been the subject of a bankruptcy petition.