

## Metavasi Capital LP

1890 Palmer Avenue  
Larchmont, NY 10538

**May 12, 2021**

This brochure (this “Brochure”) provides information about the qualifications and business practices of Metavasi Capital LP. If you have any questions about the contents of this Brochure, please contact us by e-mail at [IR@metavasi.com](mailto:IR@metavasi.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Metavasi Capital LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2. Material Changes**

Metavasi Capital LP filed its initial Form ADV (including its initial Brochure) on December 14, 2020 as a “newly-formed adviser.” This updated Brochure is filed as part of an overall amendment of Metavasi Capital LP’s Form ADV confirming that the firm is eligible for SEC registration because it now qualifies as a “large advisory firm” with more than \$100 million of regulatory assets under management. This Brochure has been updated to include additional information about Metavasi Capital LP’s advisory business, including with respect to its assets under management, its investment strategy and certain risk factors relating to the private funds that it manages.

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**Item 4. Advisory Business**

Metavasi Capital LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed in March 2020. We are principally owned by Peter Treadway, who is our Chief Investment Officer and Portfolio Manager (the “CIO”).

We provide discretionary investment advice to the following private funds (collectively, the “Flagship Funds”: (i) Metavasi Fund LP (the “Onshore Fund”), (ii) Metavasi Fund Ltd (the “Offshore Fund”), and (iii) Metavasi Master Fund LP (the “Master Fund”). The Onshore Fund and the Offshore Fund are feeder funds that invest through the Master Fund. We also expect to provide discretionary investment advice to Metavasi TM SPV LP (the “Special Purpose Vehicle,” and together with the Flagship Funds, the “Funds”). We may also provide investment advice to additional private funds and separately managed accounts in the future. References throughout this document to “clients” refer to the Funds and any other private funds and separately managed accounts that we may advise in the future.

The Funds are managed in accordance with their own investment and trading objectives, as described in their respective offering documents and governing agreements (together, the “Governing Documents”). We do not permit investors in the Funds to impose limitations on the investment activities described in such documents. Under certain circumstances, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by that client. We would negotiate such arrangements on a case-by-case basis. (See *Item 16 - Investment Discretion*.)

Metavasi Fund GP LLC (the “Metavasi Fund GP”) serves as the general partner to the Onshore Fund and the Master Fund. Metavasi TM SPV GP LLC (the “Special Purpose Vehicle GP”) will serve as the general partner to the Special Purpose Vehicle.

We do not participate in wrap fee programs.

As of April 30, 2021, we managed \$226,794,193 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5. Fees and Compensation**

Our fees and compensation are described in the Funds’ Governing Documents. All of our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

We are paid management fees from the Flagship Funds quarterly in advance. Once paid, the management fees are non-refundable. We deduct such management fees from each Fund. We have waived and may in the future waive or modify the management fee payable with respect to any investor.

The Metavasi Fund GP is entitled to receive performance-based allocations from the Funds, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

Our compensation schedule with respect to any future client account, including the Special Purpose Vehicle, will be contained in the Governing Documents relating to such account.

The Funds bear all of their operating expenses, including such costs incurred at or prior to their formation and prior to their closing, which expenses will include, without limitation: (i) organizational and offering

expenses, including, without limitation, all costs and expenses incurred in connection with a Fund's formation and the offering and sale of shares or interests in such Fund, including, but not limited to, legal and accounting fees and expenses, registration fees, filing fees and all costs and expenses incurred in connection with the preparation of Governing Documents, marketing and similar materials, and drafting and negotiating contracts with service providers at or prior to the formation of the Fund and prior to the initial closing of the Fund; (ii) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Funds, as well as overall consideration and evaluation of the Funds' portfolios, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, data and research onboarding, ingestion, aggregation and analysis and third-party research, data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data, data feeds, subscriptions, expert networks, political intelligence providers and reports); (iii) the costs of research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals and subscriptions and other market information systems, as well as the costs of research management systems and corporate access tracking systems; (iv) the costs of our portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services; (v) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith, including, without limitation, expenses associated with proxy research and voting services; (vi) travel and related expenses associated with investments and potential investments; (vii) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal and other advisory fees and expenses; (viii) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments, including, without limitation, in connection with outsourced trading; (ix) expenses associated with legal and regulatory filings of the Funds in the United States, the Cayman Islands, or in any other jurisdiction, including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as the expenses associated with preparation and filing of our Form 13F, Form 13H and Form PF, if applicable, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (x) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator and the costs of client relationship management systems; (xi) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization with respect to the Funds; (xii) broken-deal, failed transaction, break-up and similar fees, costs and expenses (if any); (xiii) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (xiv) expenses incurred in the collection of monies owed to the Funds, as applicable; (xv) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (xvi) any entity-level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular investor; (xvii) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (xviii) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with

respect to risk metrics and/or positions; (xix) costs and expenses associated with meetings of Fund investors, including, without limitation, the reasonable costs of our travel to such meetings; (xx) insurance expenses, including, without limitation, general partner liability insurance and other policies, if any, as well as the Funds' share of expenses with respect to directors' and officers' liability insurance and errors and omissions insurance; (xxi) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (xxii) wind-up, liquidation, termination and dissolution expenses; (xxiii) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (xxiv) costs related to any transfers of shares or interests in the Funds, unless otherwise charged to or borne by the applicable transferor and/or transferee; (xxv) expenses incurred in connection with the preparation of any amendment to the Funds' Governing Documents, as well as the preparation or amendment of any side letter; (xxvi) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Funds; (xxvii) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (xxviii) fees of the independent members of the Funds' Advisory Board (as applicable); (xxix) the management fee (as applicable); and (xxx) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds, including, without limitation, any other cost that may otherwise be paid by the Funds with soft dollars pursuant to Section 28(e) of the Exchange Act.

We may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

The expenses that will be charged to any future client account, including the Special Purpose Vehicle, will be determined on a case-by-case basis.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

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

The Metavasi Fund GP is entitled to receive a performance allocation from the Flagship Funds on an annual basis and upon withdrawals by investors. Such performance allocation is based on the net capital appreciation of the Funds' assets and will be subject to a loss-carryforward mechanism. We or our affiliates have waived and may in the future waive or modify the performance allocation with respect to any investor.

The Special Purpose Vehicle GP is entitled to receive an incentive distribution at our discretion.

Our compensation schedule with respect to any future client account will be contained in the Governing Documents relating to such account.

*Side-by-Side Management*

Currently, the Flagship Funds operate through a master-feeder structure. The Special Purpose Vehicle is expected to pursue an investment in a single issuer. We do not expect that the Flagship Funds will hold investments in such issuer. The Firm may manage additional single issuer vehicles in the future, and it will adjust its investment allocation policies to the extent that the holdings of such vehicles are expected to overlap with the Flagship Funds' portfolios.

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if we manage client accounts with overlapping positions in the future, we will adopt and follow procedures designed and implemented to ensure that all clients are treated fairly and equitably.

In addition, because the Funds' management fees (as applicable) and performance-based compensation will generally be based on the Funds' net asset values, we will have a conflict of interest in valuing the Funds' assets. To mitigate this conflict, we will implement and follow documented valuation policies and expect to periodically consult with auditors and the administrator to each Fund.

**Item 7. Types of Clients**

Investors in the Funds are generally institutional investors (including sovereign wealth funds and pension funds) and high net worth individuals that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and qualified purchasers. The minimum initial investment in the Flagship Funds is generally \$1,000,000. The minimum initial investment in the Special Purpose Vehicle will be determined by us in our discretion. We have waived and may in the future waive such minimums under certain circumstances.

**Item 8. Methods of Analysis, Investment Strategies and Risk of Loss***Methods of Analysis and Investment Strategies Generally*Investment Objective and Strategy*The Flagship Funds*

The investment objective of the Flagship Funds is to generate attractive, risk-adjusted returns by employing a long-short equity strategy that is centered on investing in companies that are in rapidly evolving industries and that have management teams that can adapt to this change, and we will seek to apply our investment framework to help identify such companies early in their growth curve.

Specifically, we will seek to identify each company, for both long and short investments, generally using the following five criteria: (i) the company has already undergone a successful transition; (ii) the company's underlying technology is strong; (iii) the company's organic product development is prioritized over acquisitions; (iv) the company's record of capital allocation reflects strong qualitative and quantitative decision making; and (v) the company has a long tenure of direct reports to the chief executive officer of the company. Armed with this framework, we believe we will be able to more reliably

identify winning businesses early and/or at small market caps, and also provide us with confidence in the companies in which we invest even during turbulent times.

The investment strategies described herein are those that we expect to employ on behalf of the Flagship Funds. However, except as expressly set forth in the Flagship Funds' Governing Documents, there are no limitations on the investment strategies that the Flagship Funds may employ in order to opportunistically respond to, or to take advantage of, changing market conditions and new investment opportunities. Further, we may invest opportunistically in securities or transactions that vary from the core strategy of the Flagship Funds. There can be no assurance that the Flagship Funds' investment objectives will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis.

#### *The Special Purpose Vehicle*

We expect that the Special Purpose Vehicle will invest its assets in a single issuer.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

#### Risk Factors

*General Investment and Trading Risks.* All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, a Fund could experience losses as a result of a decline in the market value of securities in which such Fund holds a long position or an increase in the value of securities in which such Fund holds a short position. The Funds' investment programs will include short sales, which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject. The risk management techniques that we may use do not provide any assurance that the Funds will not be exposed to a risk of significant investment losses. No guarantee or representation is made that a Fund's investment program will be successful, that a Fund will achieve its targeted returns or that there will be any return of capital to investors. In addition, investment results may vary substantially over time.

*Investment Judgment.* The profitability of a significant portion of a Fund's investment program depends to a great extent upon correctly assessing the future profitability of companies and future price movements of securities and other investments. There can be no assurance that we will be able to accurately predict the long term results of any security or other investment.

*General Economic Conditions.* The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the Funds' investments and could impair the Funds' profitability or result in losses. We may consider some or all of these factors when making trading decisions. The Funds could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Funds will seek to invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect the Funds from significant losses under certain market conditions.



*Availability of Suitable Investments.* The success of the Funds' investment and trading activities depend on our ability to identify overvalued and undervalued investment opportunities and to manage market risk. Identification and exploitation of the investment strategies to be pursued by the Funds involve a high degree of uncertainty. No assurance can be given that we will be able to identify suitable investment opportunities in which to deploy all of the Funds' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Funds. Certain of the investment strategies employed by the Funds may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue. No representation is made by us as to what results the Funds will or are likely to achieve based on these trends and relationships.

*Available Information.* We may select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to us by such issuers, or through sources other than the issuers. Although we evaluate all such information and data, and seek independent corroboration when we consider it appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

*Concentration of Investments; Limited Diversification and Sector Investing.* The Funds may hold a limited amount of positions (both long and short) at any given time and such Funds may hold relatively large positions in few securities. As a result of a Fund's possible lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of such Fund's rate of return. Likewise, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on the performance of a Fund.

*Equity Securities.* The Funds may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. A risk of investing in a Fund is that equity securities held by such Fund may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that we believe are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that we anticipate.

*Debt Securities.* Although the Funds will trade primarily in equities, the Funds also may invest in debt or other fixed income securities, including non-investment grade securities, sovereign debt and/or similar obligations and instruments. Particularly with respect to non-investment grade securities, there is a risk that the issuer will default on its payments obligations. The market values of debt instruments may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments may decrease significantly. Debt instruments may also be less liquid than equities, particularly during periods of market dislocation. The lack of a liquid secondary market may have an adverse effect on the market price and a Fund's ability to sell particular securities.

*Hedging.* The Funds may engage in certain hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these

hedging transactions will prevent losses to the Funds. The success of a Fund's hedging strategy will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Funds than if no such hedging transactions were executed. Moreover, we may determine not to hedge against, or may not anticipate, certain risks. Finally, the Funds may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

*Options.* The Funds may engage in the trading of options when appropriate. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

*Derivatives.* The Funds may invest in derivative financial instruments. In addition, the Funds may, from time to time, utilize both exchange-traded and over-the-counter derivatives, including swaps, futures, options and contracts for differences, either to express an investment view or for hedging purposes. Regulatory restraints may restrict the instruments that the Funds may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

*Currency Hedging.* The Funds may be exposed to foreign exchange risk, and may seek to mitigate this risk through the use of a variety of strategies and products, including, but not limited to, Forex forwards, currency futures and currency swaps. There is no guarantee that any of these currency hedging strategies will reduce or prevent losses to the Funds. As part of its currency hedging strategy, a Fund may enter into currency transactions that are not traded on an exchange, and the funds a Fund invests in those transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty to an over-the-counter Forex transaction becomes insolvent and a Fund has a claim for amounts deposited or profits earned on transactions with the counterparty, such Fund's claim may not receive a priority. Without a priority, a Fund is a general creditor and its claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even a Fund's funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. Forex trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the Master Fund.

*The Master Fund's Cryptocurrency Holdings may be Subject to Loss, Damage, Theft, or Restriction on Access.* There is a risk that part or all of a Fund's cryptocurrency holdings could be lost, stolen, or destroyed. We believe that the Funds' holdings of cryptocurrencies may be an appealing target to hackers

or malware distributors seeking to destroy, damage, or steal such holdings. Although the Funds have security protocols designed to minimize the risk of loss, damage, and theft, the Funds cannot guarantee that such security protocols will prevent any such loss, damage, or theft with respect to its holdings in cryptocurrencies.

*Low Barriers to Entry for Additional Cryptocurrencies.* The size of the cryptocurrency marketplace is currently concentrated heavily in a select subset of cryptocurrencies that the Funds anticipate holding. However, due to the lack of regulation and limited need for physical assets to create additional cryptocurrencies, there are few structural barriers to impede newly developed cryptocurrencies from entering the marketplace. In the event that a new cryptocurrency enters the marketplace, it will be competing with the existing cryptocurrencies, some of which may be held by the Funds. To the extent that such newly developed cryptocurrencies gain acceptance, it could cause the demand for existing cryptocurrencies, including those held by the Funds, to decline and could have an adverse effect on the value of such cryptocurrencies and accordingly on the Funds.

*Certain Risks of Digital Currency.* The growth of the blockchain industry in general, as well as cryptocurrencies and digital securities, is subject to a high degree of uncertainty, which may affect the Funds' investments. Cryptocurrencies are not considered legal tender or backed by any government, and have experienced price volatility, technological glitches and various law enforcement and regulatory interventions. The uncertainties regarding legal and regulatory requirements relating to cryptocurrencies or transactions utilizing cryptocurrencies, as well as potential accounting and tax issues, or other requirements relating to cryptocurrencies could have a material adverse effect on the Funds' investments.

Certain factors affecting the further development of the cryptocurrency and digital security industry, as well as blockchain networks, may include, without limitation:

- Worldwide growth in the adoption and acceptance of the use of Bitcoin ("BTC"), Ether ("ETH") and other blockchain technologies;
- Regulation of BTC, ETH and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the Ethereum network;
- General economic conditions and the regulatory environment relating to cryptocurrencies;
- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;
- Investors' expectations with respect to the rate of inflation;
- Interest rates;

- Interruptions in service from or failures of major blockchain asset exchanges;
- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets; or
- Global or regional political, economic, or financial events and situations.

*Regulatory Risks of Blockchain Technologies, Cryptocurrencies and Coin Offerings.* Regulation of tokens and token offerings such as cryptocurrencies, blockchain technologies, and cryptocurrency exchanges varies significantly among international, federal, state, and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the adoption and utility of cryptocurrencies, blockchain technologies, and cryptocurrency exchanges.

The Department of the Treasury, the SEC, and the Commodity Futures Trading Commission have published guidance on the treatment of virtual currencies. The Internal Revenue Service released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

*Inside Information.* From time to time, we or our affiliates, may come into possession of material, non-public information concerning a company, and the possession of such information may limit our ability to cause the Funds to buy or sell the securities issued by such company at times when we might otherwise wish to cause the Funds to buy or sell such securities.

*Leverage.* The Funds may employ leverage in connection with their investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as we and/or the Metavasi Fund GP may determine in our sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, margin borrowing from securities brokers and dealers, loans, repurchase agreements, derivative instruments that are inherently leveraged, and other financing arrangements, as determined by us and/or the Metavasi Fund GP in our sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by the Funds may be secured by the securities holdings and other assets of the Funds, as applicable. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Funds are unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of a Fund's borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on such Fund's profitability. Additionally, leverage typically will cause a Fund's net asset value to increase or decrease at a greater rate than if leverage were not used. In addition, the use of leverage may cause a U.S. tax-exempt investor to realize unrelated business taxable income.

*Short Sales.* Short selling involves borrowing, including from securities brokers or other institutions, and selling securities that are not owned, with an obligation to replace the borrowed securities at a later date, the cost of which may be significant. Short selling allows the investor to profit from a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, short sellers are subject to the risk of a “short squeeze.” A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the security that has been loaned at any time. If a lender were to demand the return of securities that a Fund had borrowed, such Fund would be required to replace the borrowed securities by borrowing identical securities from another lender. If a Fund were unable to replace the borrowed securities, it would be required to close out the short sale by buying identical securities in the market to make delivery. In such event, a Fund could incur significant losses if the securities sold short had increased in value.

A Fund also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice. In addition, the cost to borrow securities in connection with short sales may be significant.

*Securities Lending.* A Fund may lend securities to securities brokers and other institutions as a means of earning additional income. If the other party to such transaction becomes insolvent or bankrupt, the such Fund could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, such Fund could experience further losses. Security loans must be fully collateralized, and we must be satisfied with the creditworthiness of the other party to the transaction.

*Interest Rates.* We may borrow funds from brokerage firms and banks on behalf of the Funds to be able to increase the amount of capital available for marketable securities investments. The rates at which a Fund can borrow, in particular, will affect the operating results of such Fund. Even if a Fund makes a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade.

*Margin.* We may make use of short-term borrowing or repurchase agreements on behalf of a Fund, and any such use will result in certain additional risks to such Fund. For example, should the securities pledged or charged to brokers to secure a Fund’s margin accounts or repurchase obligation decline in value, such Fund could be subject to a “margin call,” pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged or charged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Fund’s assets, such Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

*Price and Liquidity Fluctuations of Investments.* It is expected that the Funds’ investments will be in public securities. However, the market value of the Funds’ investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities

in which the Funds invest. During periods of limited liquidity and higher price volatility, a Fund's ability to acquire or dispose of its investments at a price and time that such Fund deems advantageous may be impaired. As a result, in periods of rising market prices, a Fund may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; a Fund's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

*Trade Error Risk.* Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume and complexity of transactions we execute on behalf of the Funds, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, we will not be responsible for gains or losses resulting from trade errors, except where such trade error is the result of our gross negligence, willful misconduct or fraud.

*Competition.* The securities industry is extremely competitive. We will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce a Fund's opportunity for profit by reducing the availability of or increasing the price of what such Fund believes to be, based on its investment criteria, exceptional investment opportunities.

*Securities Market Volatility.* Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region or the market as a whole.

*Risk of Operations/Liquidity Risks.* Although the securities that the Funds may acquire generally will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Funds to liquidate their positions and would thereby expose them to losses. In addition, some of the securities in which the Funds may invest may be thinly traded, potentially making it difficult for the Funds to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so. There may be a variety of other reasons why a security in which the Funds may invest may be illiquid, and, in such event, the Funds may have similar issues with realizing such security.

*Risks of Foreign Investments.* The Funds may invest in securities of foreign companies, governments and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Funds may be affected favorably or unfavorably by exchange control regulations or



changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Funds may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Funds may invest may be thinly traded and relatively illiquid or may cease to be traded after the Funds invest in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Funds occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Funds may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

*Company Capitalization.* The Funds may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small- and medium-capitalization securities, an investment in those securities may be illiquid. The small- and medium-capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

*Securities of Sub-Investment Grade Companies.* Special risks may arise if the Funds invest in the securities of sub-investment grade and highly-leveraged companies. Although such investments may result in significant returns to the Funds, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing works against a Fund short position, such Fund’s losses would be heightened. If a Fund purchases distressed and/or non-performing debt securities, and subsequent to purchasing them finds that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, such Fund may lose its entire investment. Under such circumstances, the returns generated from the Fund’s investments may not compensate the investors adequately for the risks assumed.

*Special Situation Investments.* The Funds 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, 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 a Fund 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, a Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

*Institutional Risks.* Institutions will have custody of the assets of the Funds. Certain assets of the Funds will be exposed to the credit risk of the dealers, brokers and exchanges through which we deal, whether we engage in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Funds. If any broker-dealer or other financial institution holding a Fund's assets were to become bankrupt or insolvent, it is possible that such Fund would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

*Counterparty Risk.* Brokers may trade with an exchange as principals on behalf of the Funds, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of a Fund (for example, the transactions that the broker has entered into on behalf of a Fund as principal as well as the margin payments that such Fund provides). In the event of such broker's insolvency, the transactions into which the broker has entered as principal could default, and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. A Fund's assets may be held in "street name," in which case, a default by the broker could cause such Fund's rights to be limited to that of an unsecured creditor.

To the extent that a Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, such Fund may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, a Fund's prime broker and trading agreements may contain certain provisions that allow a counterparty to either terminate the relevant agreement or require additional levels of collateral, as applicable, for various reasons. The termination of the relevant agreement may result in immediate payment by such Fund of the mark-to-market amount, or net liability, due under the agreement, and, if not immediately replaced, a loss of the previously held investment and/or hedging exposure.

*Discretion and Changes in Investment Strategy.* We have considerable discretion in choosing the securities that may be acquired, and, subject to our fiduciary duties, we have the right to modify the investment strategy, selection criteria or hedging techniques used by the Funds without the consent of the investors.

*Financial Crises and Effects on Global Financial Markets.* World financial markets have in the past experienced and may in the future experience extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries previously have taken and may in the future take regulatory actions. However, global financial markets may remain volatile, and it is



uncertain whether regulatory actions will be able to prevent losses and volatility in securities markets. It is possible that regulatory actions might increase the possibility of future volatility. Regulations may increase market fragmentation and decrease the global flow of capital as it may be too difficult for the Funds and other market participants to comply with multiple regulatory regimes. There may be significant new regulations that could limit a Fund's activities and investment opportunities or change the functioning of capital markets, and there is the possibility of regional and/or worldwide economic downturn. Consequently, a Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

*Novel Coronavirus and Public Health Emergency.* As of the date of this Brochure, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a global pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many national, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closures or reductions of offices, businesses, schools, retail stores, restaurants and other public venues and/or cancellations, suspensions and/or postponements of certain events and activities, including certain non-essential government and regulatory activities. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in work force, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption to supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including by having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. Technological infrastructure has, and will likely continue to be, strained for so long as mandatory or voluntary quarantines are instituted, which will change, and potentially disrupt, the operations of the Funds and their portfolio companies. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional or other economic recession of indeterminate duration, are increasingly likely and difficult to assess and, if the spread of COVID-19 is prolonged, it could adversely affect many economies, global financial markets, the Funds or their portfolio companies even after COVID-19 is contained.

The extent of the impact of COVID-19 on the Funds and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact the value, performance and liquidity of the Funds or their portfolio companies, leverage availability and terms, our ability to source, manage and divest investments and our ability to achieve our investment objectives, all of which could result in significant losses to the Funds and their investors.

COVID-19 may also adversely impact one or more individual investor's financial condition, which could result in withdrawal requests by such investors as a result of their individual liquidity situations and irrespective of Fund performance. Such investor withdrawal requests could also adversely affect the Funds.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact our business and operations, as well as the business and operations of the Funds, Funds' portfolio companies and their respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

*Other Catastrophic Risks.* In addition to the potential risks associated with COVID-19 as outlined above, the Partnership may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, Zika avian influenza, other coronaviruses, Ebola or other existing or new epidemic diseases, or the threat or fear thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war, military conflicts, social unrest or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. Such events could exacerbate political, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which may have adverse effects on the operating performance of the Funds and their portfolio companies. The extent of the impact of any such catastrophe or other emergency on the Funds and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand for goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on any Fund portfolio companies or locations in which we or such portfolio companies operate or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect on the Funds or our ability to fulfill our investment objectives.

*Cyber Security Breaches and Identity Theft.* Our information and technology systems and the information and technology systems of our affiliates, the Funds and their service providers and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although we and/or our affiliates have implemented, or expect to implement, measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we, our affiliates, one or more Funds, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our reputation or the reputation of our affiliates, the Funds and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing

of investor subscriptions or withdrawals, impact a Fund's ability to value its assets, cause the release of confidential information and/or subject a Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. A Fund also may incur substantial costs for cyber-security risk management to prevent any cyber incidents in the future. A Fund and the investors could be negatively impacted as a result.

*Outsourced Trading.* We may delegate the authority to select brokers for the Funds' transactions to a third party. As a result, Fund expenses could be higher as a result of paying such third party than if we traded directly with such brokers.

*Risk Management.* The Funds' investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of a Fund will be achieved or that a Fund will be profitable, and results may vary substantially over time. We will focus on managing risk through the quality of our investment process and monitoring of investments. We may not broadly diversify the portfolio and, in such event, the Funds will bear greater risk with respect to each investment than would be the case with respect to a diversified portfolio.

There can be no assurance that the investment objectives of the Funds will be achieved. In fact, many of the investment techniques utilized by the Funds may, in certain circumstances, exacerbate the adverse impact of particular transactions or conditions on the investment program of the Funds.

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

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

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

##### *Services by Certain Related Persons*

As noted above, the Metavasi Fund GP serves as the general partner to the Onshore Fund and the Master Fund. The Special Purpose Vehicle GP will serve as the general partner to the Special Purpose Vehicle.

The management of multiple client accounts results in a potential conflict of interest when we and our related persons allocate time and investment opportunities among such accounts. For example, our CIO and/or other related persons have more of their personal assets invested in certain client accounts than in others. In addition, the compensation we earn from each client account differs from the compensation earned from other client accounts. In order to mitigate associated conflicts, we will adopt and follow documented procedures regarding the allocation of investment opportunities among our clients. (See *Item 6 – Performance-Based Fees and Side-By-Side Management*)

Subject to applicable law, we may effect transactions among client accounts (including the Funds) in which one client account will purchase securities from, or sell or participate securities to, another client account (including client accounts in which we or our related persons may have a significant interest). In order to mitigate any associated conflicts of interests, we would effect such transactions only when we believe that such transactions are in the best interests of the applicable clients. In the event that a client account purchases securities from, or sells securities to, another client account, such transactions will be made through third-party broker-dealers or other institutions and will generally be made for cash consideration

at the closing price of the particular security on such day. No brokerage commission or transfer fee will be paid to us or our related persons in connection with any such transaction.

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

##### *Code of Ethics Overview*

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

##### *Personal Trading Policy*

Employees are generally prohibited from engaging in personal trading, but are able to transact in: (i) municipal bonds and exchange-traded funds without obtaining prior approval from the Chief Compliance Officer (the “CCO”), and (ii) cryptocurrencies and private investments (*e.g.*, hedge funds and individual venture investments) after obtaining prior approval from our CCO. Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading also generally apply to an employee’s spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

##### *Participation or Interest in Client Transactions*

We make available to qualified prospective investors the opportunity to invest in the Funds. Our CIO has significant personal investments in the Funds. In addition, we or our affiliates are entitled to receive performance-based allocations from the Funds.

We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients’ best interests and have obtained client consent in accordance with our written procedures and applicable law.

#### **Item 12. Brokerage Practices**

##### *Selection of Brokers*

We have an obligation to seek to obtain “best execution” for the Funds with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of Fund transactions, taking into account various factors. Such factors include but are not limited to: pricing, expertise and abilities to perform execution services, ability to execute transactions in liquid and illiquid markets at competitive prices without disrupting the market for a particular security, range of services provided and products offered (including, but not limited to, research

and brokerage services and corporate access), quality and timeliness of market information provided, ability to maintain confidentiality, creditworthiness and financial responsibility. In selecting brokers to execute transactions (or series of transactions) and determining the reasonableness of the brokers' compensation, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

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

Our firm's senior management meets on a semi-annual basis to evaluate, among other things, the execution that we are receiving from brokers. In conducting our analysis, they may consider the factors listed above, among others, and will review gifts and entertainment received, and any known conflicts of interests (*e.g.*, directing commissions to a broker that a family member is employed).

#### *Research and Other Soft Dollar Benefits*

We have entered into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements would pose a conflict of interest for us in that such arrangements would allow us to pay with client commissions expenses that would otherwise be borne by us. When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We will have a potential incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution.

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

Research provided by such brokers may be used to service all clients and not exclusively in connection with the management of the clients that generated the particular soft dollar credits.

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

We also execute securities transactions on behalf of our clients with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with

such broker-dealers. These bundled services would be made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business that we direct to such broker-dealers.

#### *Brokerage for Client Referrals*

Subject to applicable law, we direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

#### *Trade Errors*

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will reimburse each client account for losses resulting from trade errors in accordance with the terms of the exculpation provision in such client's Governing Documents.

#### *Aggregation of Orders*

We will not aggregate trades while the Flagship Funds and the Special Purpose Vehicle are our only clients, since the Flagship Funds operate through a single master-feeder structure and the Special Purpose Vehicle will invest in a single issuer in which the Flagship Funds do not expect to invest. To the extent that, in the future, we advise additional client accounts with overlapping investments, we expect that we would aggregate orders for such accounts. We will do so in a fair and equitable manner, with transaction costs shared *pro rata* based on each client's participation in the transaction.

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

#### *Review of Accounts*

The Funds' portfolios are reviewed, and their performance analyzed, by our CIO on a regular basis. In addition, our CIO and our CCO regularly review the Funds' portfolios to determine that the securities held by them remain consistent with their investment strategy, objectives and guidelines.

#### *Reporting*

We furnish investors in the Funds with periodic written unaudited performance reports as set forth in their Governing Documents. In addition, on an annual basis, we will provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

Pursuant to "side letter" or other agreements, we will provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notifications of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

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

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

We do not compensate any third-party marketers for introductions to potential investors or clients.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

**Item 16. Investment Discretion**

We have discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds are generally not able to place any limits on our authority beyond the limitations set forth in their Governing Documents. Under certain circumstances, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by the client. We would negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

To the extent that we trade in public securities for client accounts, we generally have voting discretion over such securities. Clients generally are not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (a) management of the issuer’s views and recommendations on such proposal; (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (c) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. If we deem that the issue being voted upon is not material for us and our clients, we will not be obligated to vote on such matter.



Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18. Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Form ADV Brochure.

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

We are not a state-registered adviser.