

**Item 1  
Cover Page**

**Heights Point Management, LP  
Form ADV Part 2A  
Firm Brochure**

**295 Madison Avenue, Suite 1701  
New York, NY 10017**

**September 22, 2021**

This Brochure (“*Brochure*”) provides information about the qualifications and business practices of Heights Point Management, LP. If you have any questions about the contents of this Brochure, please contact Heights Point Management, LP’s Chief Compliance Officer, Michael Usinger, by email at [compliance@heightspoint.com](mailto:compliance@heightspoint.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Heights Point Management, LP and its affiliates is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2**

### **Material Changes**

On May 4, 2021, Heights Point Management, LP (“*Heights Point*” or the “*Firm*”) initially filed this Brochure as part of its application to register as an investment adviser with the SEC in reliance on the exemption provided under Rule 203A-2(c) of the Investment Advisers Act of 1940. Heights Point has not made any updates to this Brochure since its initial filing.

This is Heights Point’s update to its 120-day registration filing with the SEC. While this update contains changes and updates to certain information since the initial filing on May 4, 2021, Heights Point believes the following are the only material changes:

- Heights Point Partners Onshore, LP and Heights Point Partners Master Fund, LP launched on July 1, 2021.
- This updated Brochure is part of an overall amendment to Heights Point’s Form ADV confirming that Heights Point is eligible for SEC registration because it now qualifies as a “mid-size advisory firm” with regulatory assets under management of \$25 million or more but less than \$100 million.

Heights Point recommends that you read this Brochure in its entirety. If Heights Point makes any material changes to this Brochure, this item will be revised to include a summary of such changes.

**Item 3**  
**Table of Contents**

|   |    |
|---|----|
| Item 1 Cover Page.....  | 1  |
| Item 2 Material Changes.....  | 2  |
| Item 3 Table of Contents.....   | 3  |
| Item 4 Advisory Business .....  | 4  |
| Item 5 Fees and Compensation .....  | 6  |
| Item 6 Performance-Based Fees and Side-By-Side Management .....                                   | 9  |
| Item 7 Types of Clients.....  | 10 |
| Item 8 Method of Analysis, Investment Strategies and Risk of Loss .....                           | 11 |
| Item 9 Disciplinary Information .....   | 25 |
| Item 10 Other Financial Industry Activities and Affiliates .....                                  | 26 |
| Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ... | 28 |
| Item 12 Brokerage Practices .....   | 31 |
| Item 13 Review of Accounts.....   | 35 |
| Item 14 Client Referrals and Other Compensation.....  | 36 |
| Item 15 Custody .....   | 37 |
| Item 16 Investment Discretion.....  | 38 |
| Item 17 Voting Client Securities.....   | 39 |
| Item 18 Financial Information .....   | 40 |

## **Item 4**

### **Advisory Business**

#### **A. General Description of Advisory Firm**

Heights Point Management, LP, a Delaware limited partnership (*"Heights Point"* or the *"Firm"*), was formed in November 2020. Heights Point began operations as an investment adviser on July 1, 2021 and serves as the discretionary investment manager to its private fund clients. Heights Point was founded by Brian Belke, Managing Partner and Chief Investment Officer (the *"Chief Investment Officer"*). Mr. Belke is the principal owner of Heights Point and has ultimate responsibility for its management and investment decisions. Heights Point Management GP, LLC, a Delaware limited liability company, serves as the general partner of Heights Point and is owned by Mr. Belke.

Heights Point's registration on Form ADV also covers Heights Point Partners GP, LLC (the *"Fund General Partner"*), a Delaware limited liability company. The Fund General Partner is an affiliate of Heights Point and serves as the general partner of clients that are organized as U.S. and Cayman Islands exempt limited partnerships. Heights Point and the Fund General Partner share facilities and personnel. The Fund General Partner is owned by Mr. Belke.

#### **B. Description of Advisory Services**

Heights Point provides investment advisory services on a discretionary basis to the following private fund clients (the *"Funds"*):

- Heights Point Partners Onshore, LP, a Delaware limited partnership (the *"Domestic Fund"*); and
- Heights Point Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the *"Master Fund"*), which serves as the master fund into which the Domestic Fund invests substantially all of its assets through a "master feeder" structure.

Heights Point intends to launch Heights Point Partners Offshore, LP, a Cayman Islands exempted limited partnership (the *"Offshore Fund"*), which will also invest substantially all of its assets in the Master Fund.

References throughout this document to *"Clients"* refer to the Funds and to any other private funds or accounts Heights Point may advise in the future.

Entities related to or affiliated with certain strategic investors (collectively, the *"Strategic Investors"*) have made a significant investment in the Funds. In connection with such investment, the Strategic Investors will benefit from certain rights that are customary for strategic investors in a private fund and that are in addition to, and more favorable than, the rights of other Fund investors, as fully described in the Funds' private placement memorandum.

Through its investment authority with respect to its management of the Funds' assets, Heights Point, through the investing and trading activities of the Master Fund, pursues a long-short equity strategy focused on performing fundamental research into small to mid-capitalization public equities.

**C. Tailored Advisory Services for Clients**

Heights Point manages assets in accordance with the stated investment objectives of the Clients, as described in the applicable investment management agreement or in an offering memorandum (collectively, the "*Offering Documents*"). Investment advice is provided directly to Clients and not individually to the investors in Clients (the "*Investors*"). Heights Point generally does not accept Client Investor-imposed investment restrictions, other than certain limitations on its trading and investment portfolio that have been agreed to by the Master Fund and the Strategic Investors.

**D. Wrap Fee Programs**

Heights Point does not participate in wrap fee programs.

**E. Assets Under Management**

As of September 1, 2021, the Firm had regulatory assets under management of \$72,674,000, all managed on a discretionary basis. Such regulatory assets under management include committed capital that Heights Point has arranged to accept on October 1, 2021.

## **Item 5**

### **Fees and Compensation**

#### **A. Advisory Services and Fees**

Heights Point, either directly or indirectly through the Fund General Partner, receives management fees and performance-based incentive allocations in connection with the management of the Funds.

The fees and/or allocations applicable to each Fund are set forth in detail in each Fund's Offering Documents. A brief summary of such fees and allocations is provided below.

##### Management Fee

Fund Investors pay Heights Point a management fee that ranges between 1.25% and 1.5% per annum (the "*Management Fee*"), based on each Fund Investor's class of interest in the Funds and the assets under management of the Funds. The Management Fee is based upon the Fund Investor's capital account balance as of the beginning of the fiscal quarter.

In its sole discretion, Heights Point has the right to waive, reduce, or calculate differently the Management Fee with respect to any Fund Investor, including any member, partner, affiliate or employee of Heights Point or the Fund General Partner, any member of the immediate family of any such person, and any trust or other entity established for the benefit of any such person that invests directly or indirectly in the Funds (collectively, "*Heights Point-Related Investors*"). Typically, no Management Fee will be paid by any Heights Point-Related Investor.

##### Incentive Allocation

At the end of each fiscal year, the Fund General Partner is entitled to receive an incentive allocation based on investment performance of the Master Fund (the "*Incentive Allocation*") generally in an amount between 15% and 20% of realized and unrealized gains for the year subject to a "high watermark."

In its sole discretion, Heights Point has the right to waive, reduce, or calculate differently the Incentive Allocation with respect to any Fund Investor, including Heights Point-Related Investors. Typically, no Incentive Allocation will be paid by any Heights Point-Related Investor.

#### **B. Payment of Fees**

Fees and compensation paid to Heights Point and its affiliates by Clients are generally deducted from the assets of such Clients. As discussed above, Management Fees are generally deducted on a quarterly basis and the Incentive Allocation is generally deducted on an annual basis.

#### **C. Additional Expenses**

In addition to the Management Fee and Incentive Allocation described above, each Fund will bear its own expenses and its pro rata share of the Master Fund's expenses, including but not limited to

some or all of the following: (i) expenses related to the research, due diligence, financing, monitoring and disposition of actual and prospective Master Fund investments, whether or not such investment is consummated, including the following: third-party investment sourcing fees; fees and expenses related to obtaining research and market data (including any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data, and including fees and expenses related to obtaining, processing and analyzing research or market data that may be considered “big data” or “alternative data”, including fees and expenses related to performing due diligence on potential providers of any of such research or market data services); due diligence expenses, including consulting and appraisal fees; travel expenses (including transportation, lodging and meals); brokerage, prime brokerage and futures commission merchant fees, commissions and expenses (including fees, commissions and expenses of any outsourced trading desk); expenses relating to block trades; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting and class action-related services; (ii) operational expenses, including the following: fees and expenses relating to information technology hardware, software or other technology (including costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions and/or facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of investments or otherwise manage or monitor investments, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; fees and expenses of any outsourced trading firms; (iii) fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys, accountants and third-party administrative fees and expenses (including any “shadow” administrator), outsourced middle and back-office providers, and including the costs of engaging or appointing a Money Laundering Reporting Officer, a Deputy Money Laundering Reporting Officer and an Anti-Money Laundering Compliance Officer; (iv) the costs of any litigation or investigation involving activities of the Funds; (v) taxes and third-party audit and tax preparation expenses; (vi) insurance expenses, including premiums for cybersecurity insurance and liability insurance covering the Fund General Partner, Heights Point and the members, partners, officers, employees and agents of any of them, and each member of the advisory board (the “*Advisory Board*”), if applicable; (vii) fees and expenses of the independent members of the Advisory Board; (viii) costs of preparing and distributing reports and notices; (ix) expenses incurred in connection with negotiating and complying with provisions of any side letter agreement, and expenses incurred in connection with any transfers of interests or an Investor’s admission or withdrawal, unless otherwise charged to or borne by the applicable transferee or Investor; (x) fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Funds, including any governmental, regulatory, licensing, filing or registration fees or taxes (including fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); (xi) expenses incurred in connection with the offering and sale of the interests and other similar expenses related to the Funds; (xii) expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Funds; (xiii) expenses incurred in connection with

meetings with Investors and prospective Investors; (xiv) extraordinary expenses, including indemnification expenses and fees and expenses incurred in connection with any tax audit by any tax authority, including any related administrative settlement and judicial review; (xv) fees and expenses incurred in connection with the organization, reorganization, dissolution, winding-up or termination of the Funds, and (xvi) other similar expenses of the Funds. The Funds will also indirectly bear any similar expenses of any trading subsidiary or special purpose vehicle of the Master Fund. To the extent that expenses to be borne by a Fund are paid by Heights Point, the Fund will reimburse Heights Point for such expenses.

As more fully described in the Offering Documents, Heights Point has agreed that in the event certain operating expenses of the Funds exceeds a percentage of the Funds' net asset value, Heights Point (and not the Funds or the Investors) will bear such excess expenses.

When Heights Point incurs expenses on behalf of multiple Funds and/or their affiliated entities, it will allocate the expenses among the applicable Funds and/or affiliated entities in a fair and equitable manner; however, it is possible that not all expenses will be allocated ratably across all Funds.

**D. Prepayment of Fees**

Management Fees are paid quarterly in advance.

**E. Additional Compensation**

Neither Heights Point nor its personnel receive a brokerage commission or any other compensation attributable to the sale of securities or other investment products.



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

Heights Point, or the Fund General Partner, accepts performance-based compensation as described in Item 5, *"Fees and Compensation"* from the Funds. Heights Point does not manage any client accounts that are not subject to performance-based compensation. As a result, Heights Point does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients.

## **Item 7**

### **Types of Clients**

Heights Point provides investment advisory services to the private fund clients discussed in Item 4, “*Advisory Business.*”

The Domestic Fund (and the Offshore Fund when it is launched) typically require a minimum initial investment of \$1,000,000, subject to the discretion of Heights Point to accept a lower amount. Investors generally must be “*Accredited Investors*” and “*Qualified Purchasers*” (each as defined under federal securities laws).

**Item 8**  
**Method of Analysis, Investment Strategies and Risk of Loss**

**A. Methods of Analysis and Investment Strategies**

The investment objective of the Funds is to maximize risk-adjusted returns through the application of a long-short equity strategy focused on performing fundamental research into small to mid-capitalization public equities. Through the Master Fund, Heights Point invests with a multi-year time horizon, concentrating the portfolio in its highest conviction investments. Heights Point utilizes its repeatable investment process to conduct detailed, bottoms-up research on companies that it believes will produce compelling investment returns. By focusing primarily on small to mid-capitalization public companies in North America and Western Europe, an area of the market that Heights Point believes offers the prospect of higher returns due to less focus from other investors and liquidity constraints on larger funds, Heights Point believes that the Funds will avoid popular, widely held investments and have a portfolio that is highly differentiated relative to other long-short hedge funds. Heights Point seeks to generate long investments that fit into its Power, Reinvestment, Price, and Engagement framework. This includes investments in companies that Heights Point believes possess durable competitive advantages, can reinvest at high rates of return, can be purchased at discounts to intrinsic value, and may benefit from engagement with the Firm. Heights Point believes that the industrials, materials, consumer, healthcare, technology, and communications sectors have the highest concentration of high-quality companies with attributes that are consistent with this framework. Heights Point also believes that a concentrated portfolio of investments allows the Funds to maximize returns for investors by focusing on its most compelling ideas, while reducing risk through a high degree of knowledge and engagement on each individual position. Heights Point also makes short investments in companies that possess the opposite characteristics of the Firm's long investments. Short positions are intended to produce profits for the Funds, not to minimize volatility or to manage exposure.

**B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The investment program that Heights Point pursues on behalf of the Clients is speculative and involves substantial risks. There can be no assurance that Clients will achieve their investment objectives. An investment in any Client carries with it the inherent risks associated with investments in equity securities, corporate debt, and other instruments.

**Risk Factors**

Prospective Investors should carefully consider the risks involved in an investment in a Client, including, but not limited to, those discussed below.

Risks Relating to Investment Strategy

**Risk of Loss.** No guarantee or representation is made that the Clients' investment program, including the Clients' investment objective, diversification strategies or risk monitoring goals, will be

successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

**Long/Short.** The success of the Clients' long/short investment strategy depends upon Heights Point's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the Clients' long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying a Client's positions were to fail to converge toward, or were to diverge further from values expected by Heights Point, such Client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force a Client to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with Heights Point's long/short strategies may become outdated and inaccurate as market conditions change.

**Fundamental Analysis.** Certain trading decisions made by Heights Point may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Clients' trading strategies, the Clients may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that Heights Point misinterprets the meaning of certain data, the Clients may incur losses.

**Long-Term.** The success of the Clients' long-term investment strategy depends upon Heights Point's ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Clients may forego value in the short-term or temporary investments in order to be able to avail the Clients of additional and/or longer-term opportunities in the future. Consequently, the Clients may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Investors who withdraw all or a portion of their capital accounts before such long-term value may be realized by the Clients.

**Short-Term Market Considerations.** Heights Point's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

**Short Selling.** The success of the Clients' short selling investment strategy depends upon Heights Point's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Clients of buying those securities to cover the short position. There can be no assurance that the Clients will be able to maintain the ability to borrow securities sold short. In such cases, the Clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through

various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though a Client secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing such Client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by such Client.

**Leverage and Borrowing.** The Clients may employ financial leverage to buy additional long positions or borrow against the Clients’ respective long portfolio in order to purchase additional long positions. In the event that the Clients do so, the following risk factors may apply.

#### *Leverage for Investment Purposes*

The use of leverage will allow the Clients to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Clients’ portfolio. The effect of the use of leverage by the Clients in a market that moves adversely to its investments could result in substantial losses to the Clients, which would be greater than if the Clients were not leveraged.

#### *Borrowing for Cash Management Purposes*

The Clients have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Clients can borrow will affect the operating results of the Clients.

#### *Collateral*

The instruments and borrowings utilized by the Clients to leverage investments may be collateralized by all or a portion of the Clients’ portfolio. Accordingly, the Clients may pledge their securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Clients’ margin accounts decline in value, the Clients could be subject to a “margin call”, pursuant to which the Clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Clients can apply essentially discretionary margin, “haircut”, financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Clients may have similar rights. There can be no assurance that the Clients will be able to secure or maintain adequate financing.

## *Costs*

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Clients' portfolio.

**Diversification and Concentration.** Heights Point may select investments that are concentrated in a limited number or types of securities. In addition, the Clients' portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

**Lack of Control.** The Clients invest in securities of companies that they do not control, which the Clients may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Clients does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Clients' interest. The occurrence of any of the foregoing could have a material adverse effect on the Clients and their Investors' investments therein.

**Hedging Transactions.** The Clients may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Clients' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Clients' portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' securities; (vii) protect against any increase in the price of any securities the Clients anticipate purchasing at a later date; or (viii) act for any other reason that Heights Point deems appropriate. The Clients are not required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Heights Point may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

## Risks Relating to Market Conditions Generally

**General Economic and Market Conditions.** The success of the Clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Clients' investments. Volatility or illiquidity could impair the Clients' profitability or result in losses. The Clients may

maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

**Governmental Interventions.** Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Clients’ strategies.

**Potential Interest Rate Increases.** The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of the fixed income securities held by the Clients to decrease, which may result in substantial withdrawals from the Clients that, in turn, force the Clients to liquidate such securities at disadvantageous prices negatively impacting the performance of the Clients.

#### Risks Relating to Specific Investments

**Micro-, Small- and Medium-Capitalization Companies.** Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger “blue-chip” companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

**Equity Securities Generally.** The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from Heights Point’s expectations or if equity markets generally move in a single direction and the Clients have not hedged against such a general move. The Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

**Undervalued securities.** The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital

appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Clients' investments may not adequately compensate for the business and financial risks assumed.

**Preferred Stock.** Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

**Initial Public Offerings.** Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Clients' interests.

**Derivative Instruments.** Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Clients may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Clients.

#### *Call and Put Options*

The Clients may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the



option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

#### *Index or Index Options*

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Clients will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

#### *Index Futures*

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Clients also is subject to Heights Point's ability to correctly predict movements in the direction of the market.

#### *Contracts for Differences*

Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference

between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Clients' obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Clients' financial risk.

**Non-U.S. Exchanges.** The Clients may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

**Non-U.S. Investments.** Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Clients may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Clients' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that

trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

#### Risks Relating to the Operations and Investment Activities of the Clients

**Limited Operating History.** Although the Chief Investment Officer is an experienced investment professional who has developed and tested the investment strategies and methodologies used by the Clients prior to launching the Clients, the Clients, Heights Point, and the Fund General Partner are newly formed entities and have a limited operating history upon which prospective Investors can evaluate their anticipated performance. Neither Heights Point nor its investment professionals have previously operated any investment vehicles similar to the Clients. There can be no assurance that the Clients or Heights Point will be successful.

**Systemic Risk.** Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Clients interact, as well as the Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Clients and on the markets for the securities in which the Clients seek to invest.

**Dependence on Heights Point.** The success of the Clients is dependent upon the ability of Heights Point to manage the Clients and effectively implement the Clients' investment program. The Clients' governing documents do not permit the investors to participate in the management and affairs of the Clients. If Heights Point were to lose the services of the Chief Investment Officer or the Clients managed by Heights Point were to incur substantial losses, Heights Point might not be able to provide the same level of service to the Clients as it has in the past or continue operations. The loss of the services of Heights Point could have a material adverse effect on the Clients and their investors' investments therein.

**Dependence on Service Providers.** The Clients are also dependent upon its counterparties and the businesses that are not controlled by Heights Point that provide services to the Clients (the "*Service Providers*"). Examples of Service Providers include the administrator, prime brokers, legal counsel and the auditors. Heights Point has also engaged a Service Provider to provide outsourced middle and back office support with respect to the Funds. Errors are inherent in the business and operations of any business, and although Heights Point will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Clients and the investors' investments therein.

**Outsourced Trading.** Heights Point expects to engage one or more broker-dealers ("*Outsourced Traders*") on behalf of the Clients to execute and/or direct a portion of the Clients' trades on an outsourced basis. Heights Point believes that such engagement (i) may benefit the Clients by providing access to each Outsourced Trader's knowledge and experience, connectivity to execution venues, proprietary and third-party trading technology and other services and (ii) is consistent with

Heights Point's duty to seek best execution. However, such an arrangement differs from the practices of many asset managers, which rely on employees of the asset manager to perform certain of these trading functions. Prospective investors should consider the risks inherent in any arrangement where Heights Point does not employ or otherwise exert direct control over the individuals carrying out key operational tasks such as trading.

Heights Point will only engage an Outsourced Trader on what it considers to be "arm's-length" and commercially reasonable terms. In particular, under the terms of its engagement, an Outsourced Trader – unless directed by Heights Point to do otherwise – will have discretion on matters such as price, execution timing, venue, broker, and other aspects of trade execution. This discretion may permit an Outsourced Trader to act as the executing broker for some or all of the orders for the account of the Clients that are given to it by Heights Point. While Heights Point will review the services performed by any Outsourced Trader on a periodic basis, it is possible that, in the exercise of its discretion, an Outsourced Trader will execute and/or direct trades under sub-optimal conditions or make trading-related errors that will negatively impact the Clients. Use of an Outsourced Trader, and the manner in which Heights Point compensates the Outsourced Trader, exposes the Clients to potential conflicts of interest that would be different than the conflicts of interest posed if Heights Point employed its own trading desk personnel.

In addition, any Outsourced Trader is expected to have clients other than Heights Point and the Clients. Other client demands could place limitations on, or reduce the responsiveness of, an Outsourced Trader, which may adversely affect the Clients.

**Investment and Due Diligence Process.** Before making investments, Heights Point will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, Heights Point may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, Heights Point will rely on the resources reasonably available to it, which in some circumstances, whether or not known to Heights Point at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

**Systems and Operational Risks Generally.** The Clients depend on Heights Point to develop and implement appropriate systems for the Clients' activities. The Clients rely heavily on daily financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Clients' activities. In addition, the Clients rely on information systems to store sensitive information about the Client, Heights Point, their affiliates and the Investors. Certain of the Clients' and Heights Point's activities will be dependent upon systems operated by third parties, including prime brokers, the administrator, market counterparties and other service providers, and Heights Point may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by Heights Point, prime brokers, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Clients' operations may cause the Clients to suffer, among other things, financial loss, the

disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Clients and their Investors' investments therein.

**Cybersecurity Risk.** As part of its business, Heights Point processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Client and personally identifiable information of the Investors. Similarly, service providers of Heights Point, the Clients, especially the administrator, may process, store and transmit such information. Heights Point has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. 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. Network connected services provided by third parties to Heights Point may be susceptible to compromise, leading to a breach of Heights Point's network. Heights Point's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Heights Point to the Investors may also be susceptible to compromise. Breach of Heights Point's information systems may cause information relating to the transactions of the Clients and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

The service providers of Heights Point and the Clients are subject to the same electronic information security threats as Heights Point. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Clients and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Heights Point's or the Clients' proprietary information may cause Heights Point or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and the Investors' investments therein.

**Counterparty Risk.** The Clients have established relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Clients' trading activities, create losses, preclude the Clients from engaging in certain transactions or prevent the Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Clients' business due to the Clients' reliance on such counterparties.

The Clients may effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Clients may enter into a contract directly

with dealer counterparties which may expose the Clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, the Clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Clients had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Clients post collateral.

If there is a default by a counterparty, the Clients under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Clients being less than if the Clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Clients' securities from such counterparty or the payment of claims therefor may be significantly delayed, and the Clients may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceeding and may impact whether the Clients may terminate its agreement with an insolvent counterparty.

Collateral that the Clients post to their counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Clients may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Clients' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Clients and their assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Clients' securities from or the payment of claims therefor by such counterparty and a loss to the Clients, which could be material.

**Volatility Risk.** The Clients' investment program may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by the Clients.

**Co-Investments with Third Parties.** The Clients may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Clients or is in a position to take (or block) action in a manner contrary to the Clients' investment objective. In circumstances



where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

**Significant Positions in securities; Regulatory Requirements.** In the event the Clients acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Clients may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Clients and Heights Point. Any such requirements may impose additional costs on the Clients and may delay the acquisition or disposition of the securities or the Clients' ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Clients' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a security. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Clients' position limits were aggregated with an affiliate's position limits, the effect on the Clients and resulting restriction on its investment activities may be significant. If at any time positions managed by Heights Point were to exceed applicable position limits, Heights Point would be required to liquidate positions, which might include positions of the Clients, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Clients might have to forego or modify certain of its contemplated trades.

In addition, if the Clients, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. securities Exchange Act of 1934, as amended (the "*Exchange Act*"), the Clients may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Clients will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

The Clients may acquire a "control" position in an issuer's securities. This may subject the Clients to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

**Exposure to Material Non-Public Information.** From time to time, Heights Point may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Clients will be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

**Currency Exchange Exposure.** The Clients may invest in securities denominated in currencies other than the U.S. dollar. The Clients, however, value its securities in U.S. dollars. The Clients may

or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when the Clients wishes to use them, or that hedging techniques employed by the Clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Clients' positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.



**Item 9**  
**Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Investor's evaluation of the Firm's advisory business or the integrity of the Firm's management.

## **Item 10**

### **Other Financial Industry Activities and Affiliates**

#### **A. Broker-Dealer Registration**

Neither Heights Point nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

#### **B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration**

Neither Heights Point nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Heights Point and/or the Fund General Partner claim an exemption from CFTC registration under Rule 4.13(a)(3), which exempts commodity pool operators that (i) trade only a de minimis level of commodity interests, (ii) market to “accredited investors” and (iii) do not market trading in commodity interests.

#### **C. Material Relationships and Conflicts of Interests with Industry Participants**

Heights Point’s relationships and arrangements with its various Clients and other industry participants are material to its advisory business and may raise actual or potential conflicts of interest. Prospective Investors should carefully consider the risks involved in an investment in a Client, including, but not limited to, those discussed below. Prospective Investors should consult their own legal, tax and financial advisers as to all of these risks and as to an investment in a Client generally.

As discussed in Item 4, “*Advisory Business*” above, Heights Point provides investment advisory services to the Funds. The Fund General Partner, an affiliate of Heights Point, serves as the general partner to the Funds. Heights Point and its affiliates may in the future provide investment management services to clients other than the Funds, including investment funds, managed accounts, proprietary accounts and other investment vehicles (“*Other Accounts*”). Such Other Accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the Funds or may compete with or have interests adverse to the Funds. Such conflicts could affect the prices and availability of securities in which the Funds invest. Heights Point may give advice or take action with respect to the investments held by, and transactions of, the Other Accounts that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, the Funds for a variety of reasons. As a result, the Funds and Other Accounts may have substantially different portfolios and investment returns. Conflicts of interest may also arise when Heights Point makes decisions on behalf of the Funds with respect to matters where the interests of Heights Point or one or more Clients differs from the interests of the Funds.

**D. Material Conflicts of Interest Relating to Other Investment Advisers**

Heights Point does not recommend or select other investment advisers for its Clients.

## **Item 11**

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

#### **A. Code of Ethics**

Heights Point has adopted a Code of Ethics that is designed to reinforce and enhance Heights Point's ethical way of doing business and, in particular, to provide procedures consistent with the provisions of the Investment Advisers Act of 1940, as amended (the "*Advisers Act*"), and the rules and regulations thereunder, and all other applicable laws, including all applicable federal securities laws. The Code of Ethics is based on the principle that Heights Point has a fiduciary duty to its Clients, and Heights Point must, in this fiduciary capacity, act in the best interest of its Clients. The Firm's Code of Ethics contains rules concerning conflicts of interest, personal securities transactions, gifts and entertainment, outside business activities, and employee screening. Additionally, Heights Point's Code of Ethics provides for a range of sanctions, as deemed appropriate by the Chief Compliance Officer, should anyone violate the Code of Ethics. Such sanctions include censure, fines, reversal of transaction(s) and disgorgement of profits, suspension or termination of employment.

The Code of Ethics incorporates the following general principles which all employees are expected to uphold:

- The interests of Heights Point's Clients must always come first.
- Trading in Client accounts must be in their best interests and always be supported by research and reasonable judgment.
- Employees must comply with all applicable laws and regulations of the countries in which Heights Point conducts business.
- All personal securities transactions must be conducted in such a manner as to avoid actual or potential conflicts of interest or abuses of an individual's position of trust and responsibility.
- Employees must not take any inappropriate advantage of their positions at Heights Point.

Heights Point will provide a copy of its entire Code of Ethics to any Client or any Investor that requests one. Copies of the Code of Ethics may be requested by contacting Heights Point at [compliance@heightspoint.com](mailto:compliance@heightspoint.com).

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

Heights Point and its employees, directly or indirectly, invest in the Funds. As a result, Heights Point and its employees have an interest in the investments that may also be recommended to Funds.

Heights Point does not intend to purchase or sell any securities for its own account. However, on occasion and subject to a Client's applicable investment guidelines and restrictions, Heights Point may determine that it would be in the best interests of certain Clients to transfer a security from

one Client account to another (each such transfer, a “*Cross Trade*”) for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of Heights Point’s Clients, or to reduce transaction costs that may arise in an open market transaction. If Heights Point decides to engage in a Cross Trade, Heights Point will determine that the trade is in the best interests of both of the Clients involved and take steps to ensure that the transaction is consistent with Heights Point’s duty to seek best execution for each of those Clients. Heights Point generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two Clients may occur as an “internal cross”, where Heights Point instructs the custodian for the Client to book the transaction at the price determined in accordance with Heights Point’s valuation procedures. If Heights Point effects an internal cross, Heights Point will not receive any fee in connection with the completion of the transaction.

When effecting cross transactions between Clients, Heights Point will have potentially conflicting division of loyalties and responsibilities with respect to each participating Client.

To the extent that any such cross transaction may be viewed as a principal transaction due to an ownership interest in the Client by Heights Point or its personnel, Heights Point will comply with all applicable requirements of the Advisers Act.

#### **C. Personal Trading**

Heights Point’s Code of Ethics places restrictions on personal trades by its employees and any of their respective spouses, domestic partners or children living in the same household of such employees (each a “*Covered Persons*”). Except with respect to certain permitted investments, Heights Point does not permit Covered Persons to trade Reportable Securities (as defined in the Code of Ethics, and which include single name equity and debt securities, options or other derivatives on securities, indices and currencies, and interests in private investment funds) in their personal accounts. Permitted investments include mutual funds, U.S. government securities, currencies, ETFs, closed-end funds, unit investment trusts, and other broad index securities. In addition, subject to written pre-clearance from the Chief Compliance Officer, Covered Persons may be permitted to sell positions acquired prior to joining Heights Point. Covered Persons must also disclose all personal accounts and holdings initially upon commencement of employment, and annually thereafter. In addition, Covered Persons are required to provide quarterly reports regarding transactions in Reportable Securities and newly opened personal accounts thereafter.

The Firm’s Clients may purchase and sell investments in which certain Heights Point employees have a material financial interest. Trading in such securities by Heights Point employees is subject to the restrictions on personal trades described above. In addition, Heights Point’s employees have committed their own capital to certain Clients. Thus, although the Firm’s Clients may at times buy or sell securities in which Heights Point employees have a material financial interest, the interest that such persons personally have in the Client helps to eliminate potential conflicts that might exist.

#### **D. Conflicts of Interest Created by Contemporaneous Trading**

Heights Point seeks to allocate investment opportunities in a manner it considers fair, reasonable, and equitable, and in a manner that is in the best interest of the Clients and consistent with the investment objectives of each of Client.

## **Item 12**

### **Brokerage Practices**

#### **A. Selection of Broker-Dealers and Reasonableness of Compensation**

Pursuant to the relevant Offering Documents, Heights Point has discretion to select brokers or dealers to effect portfolio transactions on behalf of its Clients. Heights Point will place such transactions for Clients for execution only with approved brokers and dealers. Such transactions will be allocated to brokers and dealers on the basis of numerous factors. Brokers and dealers may provide other services that are beneficial to Heights Point and/or certain Clients, but not beneficial to all Clients. Subject Heights Point's duty to seek best execution, in selecting broker and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, Heights Point will consider, among other factors that are deemed appropriate to consider under the circumstances, the following:

- The ability of the brokers and dealers to effect the transaction;
- Access to and quality of a broker's research;
- The brokers' or dealers' facilities, reliability and financial responsibility;
- The quality of trading services provided by the brokers or dealers;
- Competitiveness of commission rates in comparison with other brokers or dealers satisfying the Firm's other selection criteria; and
- The provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to Clients by brokers or dealers may be higher than those charged by other brokers or dealers that may not offer such services. Heights Point need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither Heights Point or the Clients separately compensate any broker or dealer for any of these other services. In addition, Heights Point expects to execute a portion of Client securities transactions through an outsourced trading firm. As a result, the Clients' expenses may be higher, as a result of paying such outsourced trading firm than if Heights Point traded directly with other brokers or dealers.

Heights Point will maintain a Brokerage Committee that will periodically meet to review the quality of execution and various trading matters.

Heights Point expects to initially execute its trading program with a consolidated list of broker-dealers.

## **1. Research and Other Soft Dollar Arrangements**

From time to time, Heights Point pays broker or dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client portfolio transactions in excess of those which another broker or dealer might have charged for executing the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Heights Point effects such transactions, and receives such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e).

Consistent with Section 28(e), research products or services obtained with “soft dollars” generated by the Clients are used by Heights Point to service one or more Clients, including Clients that may not have paid for the soft dollar benefits. Heights Point does not allocate soft dollar benefits to Clients in proportion to the soft dollar credits Heights Point Clients generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Heights Point (i.e., a “mixed use” item), Heights Point will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Heights Point’s allocation of the costs of such benefits and services between those that primarily benefit Heights Point and those that primarily benefit the Heights Point Clients.

When Heights Point uses brokerage commissions (or markups or markdowns) generated by any Heights Point Clients to obtain research or other products or services, Heights Point receives a benefit because it does not have to produce or pay for such products or services. While Heights Point is obligated to seek best execution for each Heights Point Clients, the fact that Heights Point can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker or dealer based on Heights Point’s interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Clients.

To the extent that Heights Point uses “full-service brokers” which provide research and other services to Heights Point and the commission (or markups or markdowns) associated with such services is greater than would otherwise be obtained using available floor brokers or electronic brokers, such commission could be deemed to comprise soft dollar arrangements.

Heights Point has also entered into “commission sharing arrangements” with one or more brokerage firms. Under these arrangements, a portion of the commission is paid to that broker-dealer for execution services and the remainder of the commission is paid to other approved broker-dealers or third-party research providers for research services provided by such broker-dealers or vendors. Transactions executed under these commission sharing arrangements generate a higher commission rate than transactions executed with other broker-dealers.

On a periodic basis, the Chief Compliance Officer evaluates the transactions executed under these arrangements to ensure that the brokerage and research services received by Heights Point are within the safe harbor provided under Section 28(e).

## **2. Brokerage for Client Referrals**



Brokers (including the prime brokers) assist Heights Point in raising additional funds from Client Investors. Additionally, brokers may provide capital introduction and marketing assistance services for investors interested in investing in private investment funds, such as the Funds. Brokers may also provide other services, including consulting services relating to technology and office space. Although neither Heights Point nor any Client compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence Heights Point in deciding whether to use such broker in connection with brokerage, financing and other activities of Clients. Subject to its obligation to seek best execution, Heights Point may consider referrals of investors to the Clients in determining its selection of brokers. However, Heights Point will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

### **3. Directed Brokerage**

Heights Point does not recommend, request, or require that a Client direct Heights Point to execute transactions through a specified broker-dealer.

### **4. Trade Errors**

Trade errors involving transactions in any account directly or indirectly held by a Client may occur. Trade errors include: (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities the account intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; and (v) the purchase or sale of a security for the wrong account and the post-settlement discovery of such purchase or sale. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered trade errors. The loss of an investment opportunity is not considered a trade error. Such errors may result in losses or gains. Heights Point will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, Heights Point will use reasonable efforts to recover any losses associated with such error from the counterparty.

Clients (and not Heights Point) will benefit from any gains resulting from trade errors and other errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud by Heights Point or its employees. Heights Point does not intend to offset any such gains and losses resulting from trade errors and other errors unless the underlying transactions constitute a single transaction or closely related series of transactions.

### **B. Aggregating Orders for Various Clients**

If Heights Point determines that the purchase or sale of a security is appropriate with regard to multiple Clients, Heights Point will typically, but is not obligated to, purchase or sell such a security on behalf of such Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through

multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Heights Point. In the event of a partial fill, allocations may be modified on a basis that Heights Point deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Heights Point. As a result, certain trades in the same security for one Client (including a Client in which Heights Point and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

## **Item 13**

### **Review of Accounts**

#### **A. Frequency and Nature of Review of Client Accounts**

Heights Points reviews the performance and holdings of the Clients on an ongoing basis. The Chief Investment Officer has ultimate responsibility for all investment decisions made and conducts such reviews to ensure that portfolio holdings are consistent with each Client's investment objectives and strategy set forth in the Offering Documents.

#### **B. Factors Prompting Review of Client Accounts Other than Periodic Review**

A review of a Client account may be triggered by any unusual activity or special circumstance.

#### **C. Contents and Frequency of Account Reports to Fund Clients**

Heights Point will provide Fund Investors with annual audited financial statements for the Funds (within 120 days after the end of each fiscal year) and Schedules K-1 with respect to each Investor's interest in the Fund. In addition, Heights Point provides Fund Investors with performance and other updates on a periodic basis.

In addition to the information provided to all Fund Investors as explained above, Heights Point provides certain Fund Investors, including the Strategic Investors, with additional information. This information may provide such Fund Investors with greater insight into the Funds' activities. Such investors may take actions with respect to their investment in the Funds while in possession of information about the Funds that is not available to other Investors.

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

Heights Point does not receive economic benefits from non-Clients for providing investment advice and other advisory services. Neither Heights Point nor any of its related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

## **Item 15**

### **Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act, Heights Point is deemed to have custody of the assets held by the Funds. To comply with this Rule, the assets of each Fund must be held by a qualified custodian, with the exception of certain privately offered securities. In addition, Heights Point intends to meet its custody reporting requirements through the audit method by having the financial statements of each Fund audited annually by an independent, PCAOB-registered accounting firm. Heights Point intends to distribute the results of the audited financials to the underlying investors in each Fund Client within 120 days after the end of the fiscal year.

## **Item 16**

### **Investment Discretion**

Heights Point has discretionary investment authority with respect to the Funds, including the authority to determine, without obtaining specific Fund Investor consent, which securities and investments to buy or sell and the amount of securities and investments to buy or sell, the brokers through which Heights Point effects trades and the commission rates at which Heights Point effects trades. Despite this broad authority, Heights Point is committed to adhering to the investment strategy and program set forth in each Fund's Offering Documents.

## **Item 17**

### **Voting Client Securities**

Heights Point has the authority to vote its Clients' securities. As a result, Heights Point has adopted proxy voting policies and procedures pursuant to and in compliance with the Advisers Act Rule 206(4)-6. The Firm's general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the applicable Client's best interests and in line with each Client's investment objectives.

Heights Point has retained Institutional Shareholder Services, an independent third-party proxy voting service ("*ISS*"), to assist with its voting of proxies. ISS provides Heights Point with in-depth research analysis of shareholder meeting agendas, vote recommendations, reporting and recordkeeping. While Heights Point ultimately makes all voting decisions, Heights Point generally expects to vote in accordance with ISS' recommendations. If the Chief Investment Officer determines that the interests of Clients will be best served to vote differently from the ISS recommend vote (including by abstaining from voting), approval must be obtained from the Chief Compliance Officer.

Heights Point will process every vote it receives for U.S. and non-U.S. proxies. Certain types of matters that are the subject of a proxy vote may require a more detailed analysis than the analysis required for some routine or uncontested matters. Heights Point will abstain from voting or affirmatively decide not to vote if it determines, after considering a variety of factors, that abstaining or not voting is in the best interests of Heights Point's Clients.

In effecting Heights Point's policy of voting proxies in the best interests of its Clients, there may be occasions where the voting of such proxies may present an actual or perceived conflict of interest between Heights Point and its Clients. Some of these potential conflicts of interest situations include, but are not limited to: (i) business relationships; (ii) personal relationships; or (iii) familial relationships.

Clients may obtain a copy of Heights Point's current written proxy voting policies and procedures and/or information concerning proxy votes on its behalf by contacting Heights Point at [compliance@Heightspoint.com](mailto:compliance@Heightspoint.com).

**Item 18**  
**Financial Information**

The Firm is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.