

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
FORM ADV PART 2A: FIRM BROCHURE**

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**This brochure provides information about the qualifications and business practices of Basso Capital Management, L.P. (“Basso” or “the firm”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us by telephone at (203) 352-6100 or by email at [legalnotices@bassocap.com](mailto:legalnotices@bassocap.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Registration with the SEC does not imply a certain level of skill or training.**

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

## **ITEM 2: MATERIAL CHANGES**

This item describes the material changes Basso has made to its Form ADV, Part 2A since its last Annual Amendment filing on March 26, 2021. Items 4, 5, 6, 7 and 8 have each been amended to reflect the commencement of sub-advisory services and separately managed account advisory services.

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## **ITEM 4: ADVISORY BUSINESS**

### **General Description of Basso and its Advisory Services and Strategy**

Basso, a Delaware limited partnership, is an investment adviser with its principal place of business in Stamford, CT. In its more than 27 years of operations (including those of its predecessor), the firm has provided investment advisory services to private investment funds, separately managed accounts, “funds of one”, registered investment companies (mutual funds) and Undertakings for Collective Investments in Transferable Securities (UCITS).

Basso (and its affiliated management entities) is owned by its two Founding Managing Partners – Chief Executive Officer (“CEO”) Howard Fischer, who started Basso’s predecessor in 1994, and Dwight Nelson, who joined the firm in 1999.

In addition to serving as CEO, Mr. Fischer has since 2011 been either the sole, or now a principal, portfolio manager of the firm’s only currently-offered private investment fund, Basso SPAC Fund LLC (the “Fund”). The firm’s trading on behalf of the Fund focuses on the securities issued by special purposes acquisitions companies (“SPACs”), which are entities formed to seek potential acquisition opportunities within a specified time period.

Mr. Nelson is the principal portfolio manager for a sub-advised portion of a multi-manager fund. His strategy for this client (the “Sub-advised Account”) focuses on the highly liquid portion of the global fixed income market. Mr. Nelson, along with the firm’s UK-based portfolio manager, also advises a non-fee-producing proprietary-money-only fund with a broad investment strategy that includes trading in fixed income securities and equities – this fund is not considered to be a “client” for purposes of this brochure and the firm’s Form ADV. Finally, under Mr. Nelson’s guidance, Basso provides non-discretionary investment advisory services to high-net-worth individuals who are also not considered to be clients for purposes of this brochure and the firm’s Form ADV.

Basso also advises separately managed accounts (“SMAs”) on behalf of high-net-worth individuals, families and their associated entities. Basso portfolio manager Matthew Zimmerman has primary responsibility for managing the SMAs. The SMAs may hold a wide range of investments, including, among others, domestic, international-developed and emerging-market public and privately-traded common and preferred stock, options, investment-grade bonds, below-investment grade bonds, sovereign (U.S. and non-U.S) government bonds, mutual funds, exchange traded funds (“ETFs”), derivatives, futures, digital assets and interests in open-ended and closed-ended private investment vehicles, illiquid and/or private investment vehicles and other investments (including real estate and private debt). Investment mandates are discussed with each SMA client to determine their risk and portfolio objectives, wealth management needs and asset allocation plan.

In this brochure Basso discusses certain conflicts of interest that may arise in its management of the Fund, the Sub-advised Account and the SMAs (collectively, the “Investment Vehicles”) and the firm’s policies and procedures designed to detect and address these conflicts. Please request a copy of the Fund’s current offering materials at [ir@bassocap.com](mailto:ir@bassocap.com) for a fuller description of these and other conflicts and risks that may exist in connection with an investment in the Fund. For information about our sub-advisory services, and the SMAs, you also may contact [ir@bassocap.com](mailto:ir@bassocap.com).

## **Investment Discretion and Mandate**

The firm has broad investment discretion when managing the Fund, which, as noted, focuses on trading the securities issued by SPACs. These securities – including units, equities, warrants and rights - are traded on listed exchanges. The firm has broad discretion to manage the Sub-advised Account within the overall strategy set out in the sub-advisory agreement entered into with the account's direct investment manager (the "Sub-advisory Agreement"). The firm manages the SMAs with broad discretion, across the wider range of investments noted above, subject to any risk parameters and asset-percentage ranges that may be agreed with the account holders.

## **No Wrap Fee Programs**

Basso does not participate in wrap fee programs and does not manage wrap fee accounts.

## **Assets Under Management**

As of March 1, 2022, Basso had \$379,005,275 in client (Fund, Sub-advised Account and SMAs) net assets under management, all of which were managed on a discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **Advisory Fees and Performance-Based Compensation**

With one exception, Fund investors are not charged an advisory fee based on their account balances. The Fund's initial investor elected, and continues, to pay an advisory fee in exchange for other beneficial terms.

Fund investors are charged performance-based compensation at year end or when they redeem or withdraw their investment. This compensation is deducted from the investor's account in arrears rather than billed or deducted in advance and is based on a percentage of the amount by which the net asset value of the investor's account has grown during the year. This compensation is not charged, however, unless the net asset value of an investor's account exceeds the investor's "high water mark". The high-water mark is generally the highest prior net asset value of the investor's account, either at the time of initial investment or at any earlier year end, before reduction for any accrued performance-based compensation. In short, Basso does not earn performance-based compensation unless the investor has recouped losses measured against its high-water mark. Basso may, in its discretion, waive or reduce the performance-based compensation for certain investors, and does waive this compensation for its personnel (partners and employees) who have invested in the Fund.

The Sub-advised Account is charged performance-based compensation, as agreed in the Sub-advisory Agreement. This account is not open to additional investors.

SMA clients will typically be charged an advisory fee based on their account balances, but Basso has agreed to charge some SMA clients fixed advisory fees. Basso does not currently anticipate charging performance-based fees to SMA clients.

Basso's fee schedule is omitted because this brochure is only being delivered to qualified purchasers, as defined in the Investment Company Act of 1940, as amended ("40 Act"), and to non-U.S. persons.

Basso does not act as a broker-dealer, nor does it receive compensation for any broker-dealer activities. In addition, neither Basso nor any of its supervised persons accepts compensation that is solely transactional in nature, such as in connection with the sale of investment products or securities.

## **Expenses**

- i) The Fund pays all of its ongoing investment, administrative and operating expenses, some of which are or may be:
  - Investment expenses such as brokerage commissions and other transaction charges; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; taxes and other governmental charges; administrator expenses; reporting (including certain regulatory reporting) expenses; legal fees in reviewing and negotiating trading documentation;
  - certain research expenses;
  - legal, external accounting, audit and tax preparation expenses; fees and expenses of service providers;
  - litigation-related expenses;
  - indemnification payments;
  - the *pro rata* portion of the fees and expenses of any master fund or any trading vehicles that the Fund invests through, including directors' fees and expenses, when applicable; and
  - reimbursements due to Basso for all costs and expenses, if any, borne by the firm on behalf of the Fund.
- ii) The Sub-advised Account pays expenses as agreed in the Sub-advisory Agreement.
- iii) The SMAs pay:
  - Investment expenses such as brokerage commissions and other transaction charges; interest on margin accounts and other indebtedness; taxes and other governmental charges; reporting (including certain regulatory reporting) expenses; legal fees in reviewing and negotiating trading documentation;
  - A fixed fee to cover a portion of the research, compliance and operations expenses incurred in connection with advising the SMAs; and
  - Indemnification payments.

None of the Fund, the Sub-advised Account nor the SMAs directly pay any of Basso's internal expenses, such as office rent and overhead, or employee salaries and health care.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, Basso receives performance-based compensation for managing the Fund and the Sub-advised Account, and advisory fees for advising the SMAs. The Fund is the only entity for which Basso trades SPAC securities; accordingly, the firm's trading in these securities is not subject to conflicts based on differing fee structures. In large measure, the SMAs and the Sub-advised Account do not have overlapping portfolios, thereby minimizing potential conflicts brought by their differing fee structures. Any overlap in their portfolios is expected to occur in holdings of highly-liquid fixed income securities, thereby limiting trade allocation issues. Purchases and sales of such securities done on the

same day will be done on an average-cost-basis across the relevant entities and will be allocated on a pro-rata basis in the rare cases when full liquidity is not available.

## **ITEM 7: TYPES OF CLIENTS**

The Fund is considered to be a “pooled investment vehicle” because numerous individuals and entities are invested in it and their assets are combined prior to being invested by the firm. The Fund’s investors include institutional investors, other pooled investment vehicles (sometimes called “funds of funds”), high net worth investors and other individuals. The Fund limits non-Basso-personnel investors to persons who are both “qualified purchasers” as defined in the 40 Act and “accredited investors” as defined in the Securities Act of 1933, as amended. Generally, the Fund requires a minimum initial investment of \$1,000,000, although this minimum can be waived and has been waived, for instance, for Basso personnel and “friend and family” investors.

The Sub-advised Account represents a portion of a multi-manager, pooled investment vehicle.

The SMAs are accounts established by high-net-worth individuals with assets in excess of \$50,000,000. SMA investments are made by high-net-worth individuals and families, and may also be made by their associated trusts, estates, charitable organizations, family partnerships, foundations and business entities.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Fund Investment Strategy**

As noted in Item 4, Basso’s Fund trading focuses on investments in the securities issued by SPACs.

A SPAC is a publicly-traded, “blank check” funding vehicle for which a management team raises capital through an initial public offering (“IPO”), usually by selling units that consist of one share of equity and either one warrant and/or right or a portion of a warrant and/or right – these components of the unit typically trade separately on listed exchanges within approximately two months of the IPO. The capital raised in the IPO is placed in a trust and held for the benefit of the shareholders until such time as the management team identifies and consummates a merger, acquisition or other business transaction with one or more operating businesses or assets (a “Transaction”) or determines that a Transaction will not occur. Around the time of a Transaction shareholders have the option to retain their shares and thereby become investors in the new operating business or to request redemption of their shares at the pro-rata amount of the trust, which is usually equal to or in excess of the price paid for the unit in the IPO. If a Transaction does not occur, shareholders receive their pro-rata portion of the trust. The Fund typically buys units in the IPO and units and shares post IPO. Based on market prices, yields, an assessment of the Transaction (if any) and other factors, the portfolio manager determines whether and when to dispose, trade or remain invested in a SPAC’s shares, warrants or rights.

### **Sub-advised Account Strategy**

Basso’s trading for the Sub-advised Account focuses on the highly liquid portion of the global fixed income market. Corporate, quasi-government and convertible securities are included in the account’s portfolio. The Sub-advisory Agreement provides additional details as to the trading strategy employed.

## **SMA Investment Strategy**

Basso works with each SMA client to determine their risk and portfolio objectives and wealth management needs. Based on these objectives and needs, the firm develops an asset allocation plan that selects from among the asset types identified in Item 4, including domestic and foreign equities and bonds, mutual funds and ETFs, and less liquid and/or private investment vehicles. The allocations among these varying asset types reflect the client's risk profile and investment time horizon, among other factors.

## **Overview of Risks Factors**

The following is a discussion of some of the material risks associated with investments in the Investment Vehicles. Investors should understand that investing in securities and other instruments involves risk of loss that clients should be prepared to bear – these losses may involve all or substantially all of the assets invested. Investors should have the sophistication, financial ability and willingness to bear such losses. Past performance of the Investment Vehicles is not a predictor of their respective future performances. No guarantee or representation is made that Basso's investment program will be successful or that an investor's goals will be achieved.

### **Risks common to the Investment Vehicles**

General Investment and Trading Risks. All investments present a risk of loss of capital. Volatile financial markets increase that risk. If Basso's evaluation of an investment opportunity should prove incorrect, a client could experience losses. The firm's investment program may use such investment techniques as leverage, margin transactions, put and call options and other derivatives, and short sales, which practices can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which an investor may be subject. The risk management techniques that may be used by the firm do not provide any assurance that an investor will not be exposed to a risk of significant investment losses.

Market Risks in General. Each of the Investment Vehicles has investment strategies that are subject to some dimension of market risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in interest rates, changes in market volatility, changes in the liquidity of certain positions or categories thereof, flights to quality, credit squeezes and other market conditions. Hedge fund and managed account strategies, particularly those that have involved the use of leverage or illiquid securities, may from time to time incur sudden and dramatic losses arising from market risk and other factors. There can be no assurance that the Investment Vehicles will not sustain a sudden, dramatic - and potentially total - loss.

Volatility of Prices – Stagnant Markets. The instruments traded by the Investment Vehicles have been subject to periods of high and/or low price volatility in the past, and such periods can be expected to recur, impacting the returns of such instruments. Price movements are influenced by many difficult-to-predict factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. Volatility, and its opposite, stagnant markets, can each create profit opportunities and bring losses.

Counterparty Risk. Disruption in the markets and negative perceptions about the short-term and long-term financial stability of the third parties with which the Investment Vehicles may do business, including brokerage firms, custodians and banks, could have a substantial negative affect on the performance of a client's portfolio. A default or bankruptcy by any one of these third parties could result



in substantial losses, and there may be practical or logistical problems associated with enforcing the Investment Vehicles' rights to their assets in the case of an insolvency of any such party.

*Equity Securities.* The Investment Vehicles will be invested in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, the relative size of the companies, industry market conditions, interest rates and general economic environments. In addition, events such as epidemics, pandemics, political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect a client's positions.

*Liquidity Risk.* Liquidity risk exists when certain instruments are difficult to purchase or sell. This can result from market developments or a relatively small security issuance, and when non-publicly-traded securities are purchased. A portfolio's returns may be negatively impacted by a lack of liquidity if transactions cannot be made at advantageous times.

*Reliance on Basso and Key Persons.* Each of the Investment Vehicles is largely dependent upon the services of their respective portfolio managers. Should the services of the relevant manager no longer be available, their respective strategies can be expected to incur possibly significant losses.

## **Risks Common to Some of the Investment Vehicles**

*Fixed Income Securities Generally.* Basso may invest the Sub-advised Account and SMAs in bonds and other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates, investor and market perceptions of the issuing company and market liquidity.

*"High Yield" Securities.* The Sub-advised Account and SMAs may be invested in "higher yielding" (and, therefore, higher risk) fixed income securities. Such securities are generally considered to be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to make timely interest and principal payments. In certain periods there may be little or no liquidity in markets for these securities. It is also likely that a major economic recession or financial crisis could have a materially adverse impact on the value of such securities. High yield securities have historically experienced greater default rates than investment grade securities. The markets for high yield securities tend to be more volatile, less liquid and less active than those for higher-rated securities, which can adversely affect the price at which these securities can be sold and may make it impractical or impossible to sell such securities at times of market dislocation.

*Convertible Securities.* The Sub-advised Account and SMAs may be invested in convertible securities, particularly convertible debt. The market value of convertible debt, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. Convertible securities are also, at certain times, impacted to lesser or greater degrees by movements in the prices of the equities into which the securities convert. This adds further complication to investing in, hedging and valuing convertible securities.

*Foreign Investments and Currency Risks.* The Sub-advised Account and SMAs may be invested in non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S., as well as securities and other instruments of companies having substantial profits and/or revenues generated in non-U.S. currencies. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Basso may attempt to hedge currency risks presented by foreign securities. This hedging is typically accomplished through the use of forward contracts or other instruments. Currency exchange rates can be volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks.

*Derivative Instruments.* The SMAs may be invested in derivatives such as options and futures, including those relating to foreign currency transactions. Losses in a portfolio from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of a counterparty to fulfill its contractual obligations, the portfolio receiving cash collateral under the transactions and some or all of that collateral being invested in the market, or the risks arising from margin posting requirements and related leverage factors associated with such transactions. In addition, many jurisdictions continue to review practices and regulations relating to the use of derivatives or similar instruments. Regulatory actions following these reviews could make such instruments more costly, limiting their availability or otherwise adversely affecting their value or performance.

*ETFs.* The SMAs may be invested in ETFs. ETFs are generally structured to replicate the price and yield performance of an underlying market index or sector. ETF shares are traded on stock exchanges and markets at open market prices that generally track the net asset value per share of the ETF. An exchange traded sector fund may be adversely affected by the performance of the specific sector or group of industries on which it is based. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. Investors in ETFs also directly bear the costs associated with their payment of investment management fees and fees for administrative, custodial or other services and thus the SMAs will indirectly incur these additional layers of fees and expenses.

*Financing Arrangement - Availability of Credit.* The Fund and the Sub-advised Account use leverage, the level of which will vary on an ongoing basis in relation to their available capital and investment opportunities. Leverage levels may be significant at times. There can be no assurance that the Fund and the Sub-advised Account will be able to maintain adequate financing arrangements under all market circumstances. Portfolio financing may not be available on advantageous terms, if at all, for certain investment assets. As a general matter, the banks and dealers that provide financing to the Fund can apply essentially discretionary margin, collateral discount, financing, security and collateral valuation policies - all with the potential to negatively impact investment returns.

Changing Interest Rates. The Fund and the Sub-advised Account will pay interest on amounts financed with prime brokers and other custodians. An increase in interest rates would increase their respective interest expense and reduce the spread between the returns on leveraged investments and the related borrowing costs. Fluctuations in interest rates, if significant, could materially and adversely affect operations and performance.

## **SPAC-Specific Risks**

Risks Relating to “Blank Check” Companies. SPACs are blank check companies with no operating history - when the Fund invests in a SPAC, the SPAC typically has not conducted any discussions or made any plans, arrangements or understandings with any prospective Transaction candidates. Accordingly, there is a limited basis (if any) on which to evaluate the SPAC’s ability to achieve its business objective.

While certain SPACs are formed to make Transactions in specified market sectors, others are complete blank check companies, and the management of the SPAC may have limited experience or knowledge of the market sector in which the Transaction is to be made. Accordingly, at the time that the Fund invests in a SPAC, there may be little or no basis for the Fund to evaluate the possible merits or risks of the particular industry in which the SPAC may ultimately operate or the target business which the SPAC may ultimately acquire.

The regulatory model of a blank check public company has become generally accepted, but there may be unanticipated regulatory risks involved in the structure. In addition, because hedge funds are major investors in SPACs, SPACs may be impacted by any increased regulatory scrutiny of hedge funds.

A SPAC will not generate any revenues until, at the earliest, consummation of a Transaction. While a SPAC is seeking a Transaction target its stock may be thinly traded. The economic model for a SPAC depends on there being a viable market for its securities prior to consummation of a Transaction. There can be no assurance that such a market will develop for a given SPAC, despite the fact that such securities legally are freely tradable (having been publicly offered).

Notwithstanding the preceding paragraph, certain SPACs have recently become the subject of increased, even speculative, trading activity. This has resulted in heightened valuations that may not reflect the true underlying value of the traded securities. Such trading changes the nature of SPAC ownership and investing and increases the likelihood of greater volatility in Fund returns.

Risks Relating to Trust Proceeds. The proceeds of a SPAC IPO that are placed in trust are subject to risks, including insolvency of the custodian of the funds, mismanagement or fraud by the trustee, interest rate changes and credit and liquidity risks relating to the treasury or other securities in which the proceeds are invested.

Risks Relating to SPAC Management. Each SPAC’s management team will be responsible for identifying business combination opportunities and negotiating the terms of the Transaction and, consequently, the Fund will be dependent upon the integrity, skill and judgment of the management team of each SPAC in which the Fund invests. At times a SPAC’s management consists of financial industry professionals who may have little, if any, experience in managing companies in the business sectors in which the potential issuers to be acquired by the SPAC operate. In addition, it is not generally expected that the officers and directors of a SPAC will be required to commit their full business time and attention

to the management of the SPAC, which could create a conflict of interest when allocating their time between the SPAC's operations and their other commitments.

*Risks Relating to SPAC Transaction Targets and Post-Transaction Operations.* The typical Transaction target is a private company. Due diligence on these companies may be difficult, and they will often not have the same level of financial controls as public entities. To the extent that a SPAC completes a Transaction with a financially unstable company or an entity in its development stage, the SPAC may be affected by numerous risks inherent in the business operation of that entity, as well as those presented by the possibly significant debt raised to finance the Transaction. If a SPAC completes a Transaction with an entity in an industry characterized by a high level of risk, the SPAC will be affected by the risks of that industry.

*Warrants.* One of the Fund's primary investment strategies involves investing and trading in SPAC warrants, which are a form of option. SPAC warrants are inherently risky because they expire worthless unless the issuer consummates a Transaction. Even after consummation of a Transaction, the warrants may expire worthless if the price of the SPAC's common stock after the Transaction is less than the strike price of the warrants.

*Risks Relating to Consummation of Transactions.* At times when general market conditions are not favorable for merger and acquisition activity or other capital formation, the percentage of SPACs that fail to find Transactions and must dissolve is likely to increase. During such periods, investors such as the Fund that are long SPAC securities are less likely to experience attractive risk-adjusted returns. In addition, other factors, such as shareholder rejection of transactions or their election to take the cash redemption value of their shares, periods of tight financing and a shortage of merger targets can all impact the quantity and quality of successful Transactions, thereby impacting Fund performance.

*Concentration of a Single Strategy.* Substantially all of the Fund's investments will be in SPAC securities and at times may include the operating companies into which SPACs invest or merge. This concentration will reduce the likelihood of the more stable performance that might result from a more diversified investment strategy. Moreover, the prices of SPAC securities have historically been correlated with each other because certain investors analyze SPACs as a sector rather than as individual companies.

## **ITEM 9: DISCIPLINARY INFORMATION**

There have been no legal or disciplinary actions that are material to a client's or prospective client's evaluation of Basso's advisory business.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Basso Management, LLC, a Delaware limited liability company, serves as the Fund's managing member. Basso GP, LLC, also a Delaware limited liability company, serves as Basso's general partner.

Basso has delegated certain discretionary sub-advisory authority to Basso Associates UK Limited ("BAUK"), a wholly-owned Basso subsidiary. BAUK has not, however, been granted such authority with respect to the Investment Vehicles – BAUK's current sub-advisory authority currently applies solely to the proprietary-money-only fund managed by Dwight Nelson. BAUK is authorized and regulated by the United Kingdom regulator, the Financial Conduct Authority. BAUK personnel are subject to Basso's policies and procedures as set out in the Basso Compliance Manual and Code of Ethics as well as those set out in the BAUK Financial Conduct Authority Compliance Manual.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Basso is an SEC-registered adviser and has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), that is built on the principle that the firm owes a fiduciary duty to its investors. The Code and related compliance procedures in place at the firm seek to prevent activities that run, or appear to run, contrary to the best interests of the Investment Vehicles. Some of the underlying principles of the Code include the obligation to act with integrity, competence and respect in all work matters, to place the interests of the firm and its clients above personal interests, to avoid actual or potential conflicts of interest and to uphold the rules governing capital markets. All principals and employees of the firm must confirm that they understand the Code and agree to comply with it both upon initial employment and through an annual certification.

Basso’s principals and employees may trade securities for their own accounts. The firm has considered the related conflicts of interest that may arise with respect to the Fund and determined to allow personal trading in SPAC securities only with the pre-approval of Howard Fischer and the Chief Compliance Officer. In addition, no trades are permitted in the securities of companies listed on the firm’s “restricted list”, discussed below.

Basso reviews the monthly and/or quarterly personal trading records of firm personnel to confirm that any SPAC security trades were approved in advance and that no trades were made in securities listed on the firm’s restricted securities list.

The Code also contains policies and procedures designed to ensure that insider trading is not engaged in. Insider trading is generally understood to be trading on the basis of material non-public information. The Code addresses the principal elements of insider trading, including materiality, and the procedures for personnel to follow when they come into possession of material non-public information. Maintenance of the restricted list, mentioned earlier, is a central component of the firm’s insider trading procedures.

To augment the Code, Basso personnel receive training or compliance reminders in a number of areas. These typically cover such topics as insider trading, market manipulation, regulations that govern trading, required government filings and anti-money laundering prohibitions. Conflicts of interest that can impact the firm and the Fund, such as those arising from the giving and receipt of gifts to and from business partners, and the making of political contributions, are also discussed and the subject of specific compliance procedures.

Investors or prospective investors may obtain a copy of the Code by making a written request to Basso Capital Management, L.P., Attention: Chief Compliance Officer, 1266 East Main St., 4th Floor, Stamford, CT 06902.

### **Conflicts of Interest**

Basso is subject to certain conflicts of interest which may impact its clients and investors beyond those discussed above. Primarily, these conflicts concern other business activities that the firm and its partners may engage in which may create time and resource competition with management of the Investment Vehicles. While the firm devotes a significant amount of time to its Investment Vehicle

management responsibilities, the firm is required to devote only such time and attention to the business and affairs of each as it determines to be necessary or advisable. Mr. Fischer and Mr. Nelson are each currently involved in other business ventures and may organize or become involved in other business ventures in the future. The Investment Vehicles will not share in the risks or rewards of these other ventures.

## **ITEM 12: BROKERAGE PRACTICES**

### **Selection of Broker-Dealers**

The Investment Vehicles maintain a number of different brokerage and custody arrangements with banks and other established financial institutions. The selection of brokers to execute securities transactions for the Investment Vehicles is guided by the primary goal of obtaining “best execution” for clients. In determining whether they are receiving best execution from specific counterparties, and in circumstances where execution may be obtained from more than one broker or dealer, Basso evaluates such factors as price (including commissions and spreads), quality of investment research, broker reputation, trade execution and liquidity provision capabilities, market knowledge and the other services provided by the broker. Best execution does not always mean getting the lowest possible price for a particular trade.

Basso currently uses one principal electronic communications network for trading common stock and options. In selecting this network, the firm considered its ease of use, speed and routing of trades, trade execution and fullness of market price disclosure.

Basso does not currently generate or receive “soft dollar” commissions from any of the brokers or electronic communications networks it trades with. The firm does receive research from brokers but does not pay for that research.

### **Directed Brokerage**

Basso does not permit its Fund investors to direct brokerage, which is the practice of requiring the firm to execute transactions through a specified broker-dealer. As noted, the firm considers numerous factors in determining which brokers to work with and seeks to obtain best execution at all times. The Sub-advised Account and SMAs may direct Basso to execute some or all of their respective transactions with a particular broker dealer. These clients should understand that compliance with a directed brokerage arrangement may result in the firm being unable to achieve the most favorable execution of the client’s trades. Directing brokerage may also cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because the firm may not be able to aggregate orders to reduce transaction costs or clients may receive less favorable prices.

### **Trade Aggregation and Allocation**

As discussed above in Item 6, the Fund does not currently face trade allocation or aggregation issues because Basso only manages one entity that purchases and sells SPAC securities. By contrast, the SMAs are expected to have overlapping portfolios. Best efforts will be used to allocate purchases and sales equitably after consideration of such factors as: cash available for investment in each SMA, current SMA asset mix and hedges, SMA investment objectives and restrictions and existing position sizes. With all factors being equal, it will be Basso’s policy to allocate trades on a pro rata basis when purchasing and selling securities for the SMAs.

In large measure, the SMAs and the Sub-advised Account do not have overlapping portfolios, thereby minimizing potential trade aggregation and allocation. Any overlap in portfolios is expected to occur in holdings of highly-liquid fixed income securities, thereby limiting trade allocation issues. Purchases and sales of such securities done on the same day will be done on an average-cost-basis across the relevant entities and will be allocated on a pro-rata basis in the rare cases when full liquidity is not available.

## **Trade Errors**

In the course of Fund trading Basso personnel may make “trade errors” - *i.e.*, errors in executing specific trading instructions. Examples of trade errors include purchasing or selling the wrong security, or the right security in the wrong quantity or account. Trade errors may result in losses or gains. The firm attempts to identify and minimize trade errors, in part by promptly reconciling confirmations with order tickets and intended orders. Any losses incurred by the Fund due to a trade error are reimbursed by the firm. The Sub-advised Account and SMAs will only be reimbursed for trade errors caused by Basso’s gross negligence, willful misconduct, bad faith or fraud. Reimbursement is made as soon as reasonably possible after the trade error. If reimbursement is unduly delayed, a reasonable amount of pro rata interest will be added to the reimbursement amount.

## **ITEM 13: REVIEW OF ACCOUNTS**

Each of Howard Fischer, Dwight Nelson and Matthew Zimmerman is responsible for developing and implementing the overall investment strategy of the respective Investment Vehicles they manage. Each establishes position sizes, diversification targets, price parameters and the trading activities of their respective portfolios – this entails ongoing review that generally is conducted on a daily basis. The firm’s operations team supports the account review process, with a focus on cash management and reconciliation, trade confirmation and reconciliation, portfolio valuation and corporate actions. The firm’s Chief Financial Officer focuses on preparation of periodic accounts and annual financial statements, portfolio and net asset valuation, cash management and reconciliation, audit activities, books and records maintenance and other matters.

All Fund investors receive monthly account statements and reports of estimated investment performance. The Fund also sends a weekly estimate of investment performance and, on request, a periodic transparency report that provides such portfolio data as leverage and top position exposures. Basso also provides investors with audited financial statements annually through the Fund’s administrator. Communications with any investors other than those described above are as agreed between the firm and the investor.

The Sub-advised Account’s direct investment manager is provided monthly trading profit and loss, and fee, calculations that also include year-to-date calculations.

All SMA investors receive a quarterly consolidated report showing all assets contained within their Basso-advised portfolio. SMA investors also have independent access to the web-based portals of their account’s custodians. At least annually Basso reviews each SMA account with its principal investor, with the goal of re-assessing their portfolio objectives, wealth management needs and asset allocation plan.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in Item 12, Basso does not currently have any soft dollar arrangements. The firm does not pay for client or investor referrals.

#### **ITEM 15: CUSTODY**

Basso, and more specifically, Basso Management, LLC, is deemed to have custody of the Fund's assets by virtue of its control over these assets. Investment advisers with custody of client assets must meet the requirements of Rule 206(4)-2 of the Advisers Act. The Fund's assets are held in custody by qualified custodians, which are broker-dealers or banks unaffiliated with Basso (or with Basso Management, LLC). The Fund is subject to an annual audit and the audited financial statements are distributed to each Fund investor within 120 days following the Fund's fiscal year end. The audited financial statements are prepared in accordance with generally accepted accounting principles by an independent public account that is registered with and subject to inspection by the public company accounting oversight board.

Custody of the Sub-advised Account and SMAs is held by their respective custodians.

#### **ITEM 16: INVESTMENT DISCRETION**

Basso has full discretionary authority when managing the Investment Vehicles. This authority is discussed in the Fund's offering materials and set out in the Fund's Second Amended & Restated LLC Agreement. This full discretion is established for the Sub-advised Account in the Sub-advisory Agreement and for the SMAs in their respective advisory agreements. This discretion includes the authority to determine the securities to be bought and sold, the timing, quantity and price of these securities transactions, the broker or dealer to be used and the commission rates paid. The firm generally also has full discretion, as discussed above in Item 12, to select prime brokerage and other banking and counterparty relationships, as well as related investment parameters, such as leverage.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Basso has the authority to vote all securities held by the Fund and SMAs. The firm has adopted proxy voting policies and procedures consistent with Rule 206(4)-6 under the Advisers Act. The general policy is to vote proxy proposals in a way that the firm believes will cause the related investment's value to increase the most or decline the least. In limited circumstances, the firm may abstain from voting a proxy when it believes this course of action would be in the Fund's or a given SMA's best interest.

Basso's General Counsel/Chief Compliance Officer or his designee, in coordination with the firm's investment professionals and operations staff, prime brokers and an independent proxy voting service: receives proxy voting materials, determines the Fund's and SMAs' holdings as of the record date, identifies and addresses any material conflicts between the firm's interests and those of the Fund or SMAs, determines how to vote, or as noted, whether to abstain from voting and submits proxy votes and keeps proxy voting records. If a conflict of interests is identified, the firm will not vote the proxy on behalf of the Fund or SMA until it has determined that the conflict is not material or has agreed upon and implemented a method for resolving the conflict.

As a standard practice, the portfolio manager in charge of the security being voted is asked for voting instructions. A brief description of the ballot is circulated to the portfolio manager along with the



official ballot, which contains a more detailed statement of the issues being voted, and typically, company management's voting recommendations. Votes contrary to company management's recommendation on routine matters are supported by an explanation from the portfolio manager, as are all votes on non-routine matters. Examples of non-routine matters include mergers, substantial asset dispositions, material acquisitions, SPAC-duration extensions and certain corporate governance changes.

Basso does not permit individual investors or a group of investors to direct proxy voting.

Investors may obtain a copy of Basso's proxy voting policy, and information regarding how client securities have been voted, by making a written request to Basso Capital Management, L.P., Attention: Chief Compliance Officer, 1266 East Main St., 4th Floor, Stamford, CT 06902.

#### **ITEM 18: FINANCIAL INFORMATION**

Basso does not solicit prepayment of fees from its clients. The firm has not been the subject of a bankruptcy petition during the past ten years.