

# Form ADV Part 2A

## Firm Brochure

**March 2022**

### **BlueCove Limited**

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### **Important Disclosure:**

This brochure ("Brochure") provides information about the qualifications and business practices of BlueCove Limited ("BlueCove" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at +44 (0) 203 146 1500 or [contact@bluecove.com](mailto:contact@bluecove.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

## Item 2. Material Changes

The previous version of this Brochure, dated March 2021, was prepared in connection with BlueCove's initial application for registration as an investment adviser with the SEC. BlueCove registered with the SEC as an investment adviser effective 30 April 2021.

Effective 01 August 2021 Carne Global AIFM Solutions (C.I.) Limited took over from Carne Global Fund Managers (Ireland) Limited as the alternative investment fund manager for BlueCove's Equinox and Solstice funds. Citco Custody Limited has ceased to act as the depositary for BlueCove's Equinox and Solstice funds. These changes are primarily relevant to the potential distribution of the Equinox and Solstice funds in the European Economic Area.

On 14 September 2021, BlueCove entered into an Investment Advisory Agreement with the Harbor ETF Trust (on behalf of two of its sub-funds) and Harbor Capital Advisors, Inc. By way of the Investment Advisory Agreement, BlueCove became the sole sub-investment adviser of each of the following funds:

- Harbor Scientific Alpha Income ETF (NYSE: SIFI)
- Harbor Scientific Alpha High-Yield ETF (NYSE: SIHY)

On 08 October 2021, BlueCove established a wholly-owned subsidiary by the name of BlueCove USA LLC, which is registered in the state of Delaware. BlueCove USA LLC does not provide any investment advisory services or undertake any other form of regulated activity and is mentioned here for completeness.

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**Note:** This Brochure has generally been prepared on the basis of the facts and circumstances that applied as at 28 February 2022.

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

- A. BlueCove Limited ("BlueCove" or the "Firm") is an investment adviser with its principal place of business in London, UK. As described previously in this brochure, BlueCove is the sole shareholder of BlueCove USA LLC. BlueCove USA LLC does not undertake any advisory business or any other form of regulated activity. BlueCove is a private limited company appointed by Carne Global AIFM Solutions (C.I.) Limited ("Carne") to serve as investment manager (the "Investment Manager") of the BlueCove Equinox Credit Master Fund Limited and BlueCove Solstice Relative Value Master Fund Limited and related feeder funds (together the "BlueCove Funds" or the "Funds"). Russell Burt, Andrew Linford, and Robert Thomas are the directors (the "Directors," and each, a "Director") of the two funds, the corporate feeder funds, and of the general partners of the limited partnership feeder funds.
- B. As the Investment Manager, BlueCove provides discretionary investment management services to privately offered investment funds intended for sophisticated investors in accordance with the applicable limited partnership agreements, private offering memoranda, investment management agreements and other such agreements ("Offering Documents"). BlueCove currently serves as the investment manager of six funds organized in master-feeder structures; two master funds ("Master Fund(s)") that each have a domestic feeder ("Domestic Feeder") and an offshore feeder ("Offshore Feeder"). Both the Domestic Feeders and Offshore Feeders generally invest substantially all of their assets in the Master Funds.
- C. BlueCove also advises two clients that are regulated as Undertakings for the Collective Investment in Transferable Securities ("UCITS") as well as a Cayman Islands based Special Purpose Vehicle ("SPV").
- D. On 14 September 2021, BlueCove entered into an Investment Advisory Agreement with the Harbor ETF Trust (on behalf of two of its sub-funds) and Harbor Capital Advisors, Inc. By way of the Investment Advisory Agreement, BlueCove became the sole sub-investment adviser of the Harbor Scientific Alpha Income ETF (NYSE ticker "SIFI") and the Harbor Scientific Alpha High-Yield ETF (NYSE ticker "SIHY") (collectively the "Harbor ETFs"). Under the Investment Advisory Agreement, BlueCove is not responsible for the distribution of the ETFs.
- E. On 01 February 2022, BlueCove commenced the management of a segregated mandate for a non-US institutional client (the "Non-US Account").
- F. The UCITS clients, the Harbor ETFs, and the non-US institutional client are together referred to as "Other Accounts".
- G. The BlueCove Funds and Other Accounts are managed in accordance with their own objectives and are not tailored to any underlying investor (each an "Investor"). Such Investors accept the terms of advisory services as set forth in the Funds' Offering Documents and in the offering documents, investment management agreements and/or other contractual arrangements relating to the Other

Accounts (the “Other Account Mandates”). The Firm has broad investment authority with respect to the BlueCove Funds and Other Accounts and, as such, Investors should consider whether the investment objectives of the BlueCove Funds are in line with their individual objectives and risk tolerance prior to investment.

- H. BlueCove does not participate in wrap fee programs.
- I. BlueCove commenced active management of the first of the BlueCove Funds in the fourth quarter of 2019. As of 28 February 2022, the Firm had regulatory assets under management of \$7,010,560,201 all on a discretionary basis.

## Item 5. Fees and Compensation

- A. The specific terms of BlueCove's fees and compensation arrangements are set forth in each of the BlueCove Fund's Offering Documents and in the Other Account Mandates. For the BlueCove Funds, the Firm generally charges an annual management fee ("Management Fee") which ranges from 1.25% - 1.50% of the net asset value of Investors' investments. BlueCove may, in its sole discretion, reduce, waive or calculate differently the Management Fee with respect to any Investors including, without limitation, Investors that are affiliates of BlueCove.

Along with the Management Fee, Investors in the BlueCove Funds are generally subject to a performance-based fee ("Performance Fee") with respect to fund investments, as further described under Item 6 of this Brochure.

- B. BlueCove is generally paid the Management Fee from the Funds' accounts following the completion of the formal month-end valuation process. Performance fees are paid annually, or at each relevant crystallization event, as further disclosed in each Fund's Offering Documents.
- C. Each Master Fund pays the costs and expenses incurred in, or relating or attributable to its operation, and the operation of its Domestic Feeder and Offshore Feeder, which may include without limitation, taxes, registered office fees, professional services (including experts, external legal costs accounting, auditing and consulting) and data services, auditing and consulting services, reasonable marketing and promotional activities (including related travel expenses), registration fees and other expenses due to supervisory authorities, insurance (including for the benefit of the Directors), interest, brokerage costs, legal expenses, costs relating to execution, technology and algorithms, all fees and expenses of transactional, risk, market data and trade-related services that are provided to the Master Fund and its Domestic Feeder and Offshore Feeder, all communication expenses with respect to investor services and all expenses of meetings of investors and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, all litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, any fees and expenses involved in registering and maintaining the registration of the Master Fund and its Domestic Feeder and Offshore Feeder in any market or with any governmental or regulatory agencies or stock exchanges, any fees and expenses involved in registering, making filings for, and maintaining the registration of the Firm in any jurisdiction or with any governmental or regulatory agencies or stock exchanges where this is required in connection with one or more actual or prospective investors in, and/or investments made (or to be made) by the Master Fund and/or its Domestic Feeder or Offshore Feeder, and all professional and other fees and expenses incurred in connection therewith, and the fees and out-of-pocket expenses of the Directors and the service providers to the Master Fund and its Domestic Feeder and Offshore Feeder, in each case including where such expenses are recharged by the Firm pursuant to the terms of the Offering Documents. Each Master Fund will also meet its liquidation and winding-up costs.
- D. In relation to the Harbor ETFs, the Harbor ETF Trust will pay Harbor Capital an advisory fee at an annual rate based on the average net assets of each ETF. The Harbor ETFs do not charge performance-based fees – all fees received by BlueCove in relation to the Harbor ETFs are based on

a percentage of the assets being managed. Further details are available in the ETF's current prospectus.

### **Allocation of Expenses**

To the extent expenses relate to one or more BlueCove Funds and one or more Other Accounts and/or future funds or accounts, they may be allocated to each entity on a pro rata basis based on each entity's respective aggregate net asset value, gross asset value or capital commitments or based on the relative benefits that each account received in respect of the expense. In many instances, the allocation of expenses among accounts will involve a good faith assessment by BlueCove in determining whether and to what extent such BlueCove Funds and/or Other Accounts benefit from certain expenses. Notwithstanding the foregoing, BlueCove may allocate only to the relevant BlueCove Funds in full expenses related to certain services, products or resources from which Other Accounts also derive some benefit if BlueCove determines that such expense is essential to and is being acquired primarily for such BlueCove Funds. Similarly, in cases where one or more BlueCove Funds incur investment expenses in respect of an investment that was made on behalf of such BlueCove Fund(s) and Other Accounts, such accounts that are participating in excess capacity in such investment may not be required to bear any portion of such investment expenses.

BlueCove may face conflicts of interest in making such expense allocation decisions (due to internal investment in a particular account, differing performance compensation rates between accounts or other reasons) and there may be alternative allocations of expenses that would also be reasonable. Allocations of expenses may be based upon assumptions, estimates and projections made by BlueCove which may result in differing allocations of expenses than would be the case if exact figures were employed. While BlueCove will allocate such expenses in a manner that BlueCove determines to be fair and equitable in accordance with its expense allocation policies and procedures, there can be no assurance that any expenses will be allocated in a particular manner.

For additional information regarding brokerage and transaction costs, Investors are directed to Item 12 of this Brochure.

### **Side Letters**

The BlueCove Funds or BlueCove, without any further act, approval or vote of any Investor, may and, in the case of the Equinox fund, has side letter agreements, and may enter into future side letters without investor consent or notice with certain Investors that have the effect of establishing rights (including economic terms) under, or altering or supplementing the terms of the Offering Documents with respect to certain Investors, all as determined by the Firm and/or the relevant BlueCove Fund in its sole discretion. Such terms may include, but shall not be limited to, different expenses, Management Fees, Performance Fees (including waivers of the Management Fee and/or Performance Fee), notification provisions (including provisions relating to regulatory actions, investments by Investors, etc.), tax undertakings, access to information, sovereign requirements, or determination to accept a late contribution without declaring an

Investor to be in default, and capacity rights. A description of the material terms of such Side Letters is available to any Investor in the relevant BlueCove Fund on request.

- E. The BlueCove Funds pay Management Fees on a monthly basis, as further disclosed in each BlueCove Fund's Offering Documents. In the unlikely event that BlueCove does not provide services for a full period, or if accounts are terminated according to the terms set out in each BlueCove Fund's Offering Documents before the end of the relevant period, a pro-rated fee will be payable by the BlueCove Fund.
- F. Neither BlueCove nor any of the Firm's supervised persons will accept compensation for the sale of securities or other investment products.



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

In relation to the management of the BlueCove Funds, BlueCove is entitled to receive a Performance Fee at the level of the feeder funds in relation to each series of shares or interests outstanding in respect of each performance period, subject to a High Water Mark (defined below and further described in the BlueCove Funds' Offering Documents. The Performance Fee for the applicable series of shares is 20 per cent per annum of the increase in the net asset value per share or each series above the High Water Mark.

The Management Fees are paid prior to the deduction of any accrued Performance Fee.

The High Water Mark is the greater of the net asset value per share of such series as of the last day of the most recent performance period for which a Performance Fee was realized and paid, and the issue price per share of such series. In either case, the fee is adjusted to take into account any relevant distributions made.

All Performance Fees are charged in accordance with Rule 205-3 of the Advisers Act, whereby each investor that is charged a performance fee must be a "Qualified Purchaser." To be considered a Qualified Purchaser, an individual must have a net worth of \$5 million (excluding their primary residence).

In relation to the Other Accounts, BlueCove is entitled to receive a Performance Fee in relation to the management of one of the UCITS accounts that varies by share class between 0% and 25% of new net appreciation calculated by reference to each share class' high water mark. In relation to the remaining Other Accounts, no performance fees are payable.

## Item 7. Types of Clients

As further described in Item 4 of this Brochure, the Firm provides investment management services to the BlueCove Funds, which are private fund investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”). Investors in the BlueCove Funds include a variety of institutional investors, high net worth individuals and family offices. All Investors in the BlueCove Funds are required to be either “qualified purchasers” or employees who are deemed to be “knowledgeable employees” under the Investment Company Act or must otherwise be permitted to invest under applicable securities laws.

Prospective Investors should refer to the Offering Documents of each respective BlueCove Fund for information on minimum investment requirements. Typically, BlueCove will require a minimum investment of \$5,000,000 for the BlueCove Funds, although, the Firm and the BlueCove Funds maintain discretion to individually waive, increase or reduce the minimum investment required.

As described previously in this Brochure, BlueCove also provides management and advisory services to a number of Other Accounts.

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

In its function as investment manager for the BlueCove Equinox Credit Master Fund Limited ("Equinox"), BlueCove invests in a portfolio of instruments generating long and short exposures to the credit risk of companies. BlueCove also takes positions in other fixed income, currency, and/or interest rate linked instruments for the purpose of hedging and/or managing the overall risk of the Equinox portfolio. BlueCove invests in a variety of global credit instruments for the Equinox portfolio, with a focus on liquid products principally in developed and emerging markets, and BlueCove retains the right to invest in less liquid instruments if BlueCove deems it appropriate. BlueCove's Equinox credit portfolio is primarily constructed with the aim of establishing offsetting exposures to market wide credit spread movements. BlueCove may also, from time to time, employ certain overlay strategies including without limitation asset allocation and interest rate overlay strategies for the Fund.

In its function as investment manager for the BlueCove Solstice Relative Value Master Fund Limited ("Solstice"), BlueCove invests in a portfolio of instruments generating long and short exposures to interest rates and foreign exchange. BlueCove may also take positions in other fixed income, currency, and/or interest rate linked instruments for the purpose of hedging and/or managing the overall risk of the Solstice portfolio. BlueCove invests in a variety of global interest rate and foreign exchange instruments for the Solstice portfolio, including via derivatives, with a focus on liquid products in developed and emerging markets through participation in both primary and secondary markets, and BlueCove retains the right to invest in less liquid instruments if BlueCove deems it appropriate. BlueCove's Solstice rates portfolio is primarily constructed with the aim of establishing largely offsetting exposures to market wide interest rate movements. BlueCove may also employ certain additional strategies and/or make investments in any other asset class for the Fund as the Firm deems appropriate.

The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all the risks involved in an investment in any of the BlueCove Funds. There is high risk associated with an investment in the BlueCove Funds, and an investment in the BlueCove Funds should only be made after consultation with independent qualified sources of investment and tax advice. Prospective investors should carefully consider the following risk factors, among others, in determining whether an investment in the BlueCove Funds is a suitable investment. For a more complete explanation of the BlueCove Funds' associated risks, Investors should review the relevant Offering Documents, which contain additional risks and other related details not discussed below.

### **General Risks**

*Risk of Loss.* Investment in the BlueCove Funds entails a high degree of risk and is suitable only for sophisticated individuals and institutions for whom an investment in the BlueCove Funds does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in the BlueCove Funds. There can be no assurance that the BlueCove Funds will be able to achieve their investment objective or avoid losses. As is true of any investment, there is a risk that an investment in the BlueCove Funds will be lost entirely or in part.

*Lack of Operating History.* The BlueCove Funds are recently formed, and BlueCove has a limited operating history having been incorporated in 2018. There can be no assurance that the BlueCove Funds will achieve their investment objectives. The past investment performance of any BlueCove Fund, or of the directors, the

principals or other personnel of the Firm cannot be construed as an indication of the future results of an investment in any BlueCove Fund. The BlueCove Funds may not grow to or maintain an economically viable size, in which case the Directors may determine to wind up the BlueCove Funds at a time that may not be opportune for investors.

*No Material Restrictions or Investment Guidelines; Evolving and New Investment Strategies.* There are no material restrictions on the instruments, markets or geographies in which the BlueCove Funds may invest or on the investment strategies which may be employed on behalf of the BlueCove Funds. BlueCove will manage the BlueCove Funds on an opportunistic basis, seeking to capitalize on whatever it believes to be the best opportunities to achieve the BlueCove Funds' investment objectives. BlueCove's strategies and trading techniques may change over the course of any BlueCove Fund's term. BlueCove is not restricted from deploying the BlueCove Funds' capital in new strategies, even if BlueCove has limited experience in such strategies or in the geographies or instruments involved. There can be no assurance that BlueCove will be able to identify and allocate capital to investment opportunities that enable the BlueCove Funds to achieve their objectives or avoid losses and the allocation of capital away from other potential investment opportunities within the BlueCove Funds' mandates may reduce the overall returns of the BlueCove Funds.

*Model Risk.* Certain of BlueCove's strategies employ the use of proprietary quantitative models, as well as models and/or systems developed by third parties and made available to BlueCove. As market dynamics shift over time (for example, due to changed market conditions and participants), a previously highly successful model often becomes outdated or inaccurate, perhaps without BlueCove recognizing that fact before substantial losses are incurred. There can be no assurance that BlueCove will be successful in developing and maintaining effective quantitative models.

*Reliance on BlueCove staff.* The success of the BlueCove Funds will depend, in large part, upon the skill and expertise of members of staff at BlueCove. There is no assurance that key members of the management of BlueCove or other key staff will continue to be employed by BlueCove for any period. In the event of the death, disability or departure of any such individuals, the business and the performance of the BlueCove Funds may be adversely affected.

*Market Risk.* Although the BlueCove Funds' investment strategies are intended to be uncorrelated to general debt and equity markets, the BlueCove Funds' investment strategies can be subject to market risks. These risks include directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality," "credit squeezes," etc. BlueCove's style of alternative investing may be no less speculative than traditional investment strategies. The particular or general types of market conditions in which the BlueCove Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the BlueCove Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

*Less Liquid and Illiquid Investments.* The BlueCove Funds may make investments for which no, or only a limited, liquid market exists, or which become illiquid over time. The market prices, if any, of such investments tend to be more volatile, and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, securities and derivatives in which the BlueCove Funds invest include those that are not listed on an exchange or traded in an over-the-counter ("OTC")

market. There may be substantial delays in attempting to sell non-publicly traded instruments. Although these investments may generally be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. In particular, sales of illiquid instruments may be possible only at substantial discounts. In addition, such instruments may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in the BlueCove Funds' investment analysis, as the fewer transactions that take place, the greater the risk that market values do not reflect true pricing relationships or fair value. Further, companies whose securities are not registered or publicly traded generally do not need to comply with the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. Certain investments held by the BlueCove Funds may be subject to restrictions on their sales, which may further inhibit the ability of the BlueCove Funds to liquidate such securities.

**Leverage.** BlueCove's use of leverage is expected to vary, perhaps significantly, depending on the investments included in the BlueCove Funds' portfolios and the Funds' respective investment objectives, policies, and strategies. Certain investments may be traded or held on a highly leveraged basis, both through direct borrowings or through the significant leverage embedded in the instruments themselves, such as derivatives or structured products. BlueCove may utilize less or no leverage in respect of other investments. Losses incurred on the BlueCove Funds' leveraged investments will generally increase in direct proportion to the degree of leverage employed in respect of such investments. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. The BlueCove Funds will also incur interest expense on the borrowings used to leverage its positions. To the extent the assets of the BlueCove Funds have been leveraged through cash or synthetic borrowings the interest expense and other costs and premiums incurred in relation thereto may not be recovered through gains in the value of the relevant instruments and may instead further increase losses. The use of leverage by the BlueCove Funds also amplifies the transaction costs (including the bid-offer spread on investments, and any ticket and other administrative costs) incurred by the Funds in entering into and exiting investments.

**Short Sales.** The BlueCove Funds engage in short selling. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. In order to deliver to the buyer, the Fund must borrow the security and later purchase the security to return to the lender. Short selling allows the Fund to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which each BlueCove Fund engages in short sales will depend upon the investment strategy and the opportunities available. A short sale creates the risk of theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the relevant Fund of buying those securities to cover the short position. There can be no assurance that any Fund will be able to maintain the ability 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.

Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time. For example, although a short seller may attempt to mitigate losses by replacing the securities sold short before the market price has increased significantly, under adverse market conditions the short seller

might have to sell portfolio securities that the short seller otherwise would have retained, in order to finance the replacement of securities sold short.

In addition, a lender may call back a security at a time when the market for such security is illiquid or additional securities are not available to borrow, forcing the short seller to cover the short sale (by repurchasing the underlying security) at a price that results in a significant loss. Certain traders, from time to time, may attempt to profit by forcing short sellers to cover their short positions.

In certain cases, a Fund may wish to establish a short position in a particular security and may find it difficult or impossible to do so because of a limited supply of the security available for borrowing. In these cases, the cost to the Fund to borrow the security (if, in fact, the Fund is able to do so) may be substantial.

Short selling in certain markets may be subject to materially more restrictive regulations, or as a practical matter be materially more difficult to do, than it is in the US and other developed markets. Since the 2008 “financial crisis”, regulators in the US, Europe and elsewhere have materially increased the regulations on short selling.

*The BlueCove Funds are Exposed to Certain Institutional Risks, Including Counterparty Insolvency.* Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the BlueCove Funds’ portfolio assets and may hold such assets in “street name.” The BlueCove Funds will be subject to the risk that these firms and other brokers, counterparties, clearing houses or exchanges with which the BlueCove Funds deal may default on their obligations to the BlueCove Funds. Any default by any of such parties could result in material losses to the BlueCove Funds. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital positions of the BlueCove Funds. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the BlueCove Funds, causing the BlueCove Funds to be exposed to a credit risk with regard to such parties. The BlueCove Funds generally will only be unsecured creditors of their trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, the BlueCove Funds may also only be unsecured creditors of their brokers in the event of bankruptcy or administration of such brokers. The BlueCove Funds will attempt to limit their brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

**Cybersecurity.** The operations of BlueCove and the BlueCove Funds are dependent on information technology and communication systems. A failure of any such system or a security breach or cyber-attack could significantly disrupt BlueCove’s operations and those of the BlueCove Funds. The service providers of BlueCove and the BlueCove Funds are subject to the same cyber-security threats as BlueCove and the BlueCove Funds. If a service provider fails to adopt, implement or adhere to adequate cyber-security measures, or in the event of a breach of its networks, information relating to the BlueCove Funds, the BlueCove Funds’ operations and personal information relating to investors may be lost, damaged or corrupted or improperly accessed, used or disclosed.

## **Investment-Related Risks**

**Credit Risk.** An issuer of debt may be unable to pay principal and interest when due (or at all), or the value of the debt may suffer because investors believe the issuer is less able to pay. Lower-rated instruments, while usually offering higher yields, generally have more risk and volatility because of reduced creditworthiness and greater chance of default. There is no requirement for investments made by the BlueCove Funds to have any specified minimum credit rating, or any credit rating at all.

**Fixed-Income Investments.** The values of the fixed-income securities in which the BlueCove Funds invest generally change as the levels of interest rates fluctuate. When interest rates decline, the value of the BlueCove Funds' long exposures to fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of such exposures is generally expected to decline. Investments in lower rated or unrated fixed-income securities in which the BlueCove Funds will typically invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities). In a low interest rate environment, the profitability of certain fixed-income strategies may be materially diminished.

**High-Yield Debt Instruments.** The BlueCove Funds may invest in high-yield debt instruments. High-yield debt instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities.

**Limitations of Mathematical Models.** The investment strategies of the BlueCove Funds are based on research into historical data and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs and that attempt to identify and exploit market trends. Mathematical models are representations of reality but they may be incomplete and/or flawed and there is an inherent risk that any forecasts derived from them may be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate assumptions or data. Most quantitative models cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact performance. Assumptions or data may be inaccurate from the outset or may become inaccurate as a result of many factors such as changes in market structure, increased government intervention in markets or growth in assets managed in accordance with similar investment strategies. In particular, such factors may make an investment strategy less effective because they may lessen the prospect of identified trends and relationships occurring or continuing in the future. As a result of the above, BlueCove may not generate profitable trading signals for the investment strategies of the BlueCove Funds, and consequently the Funds may suffer losses. It is not expected that any data inaccuracies, model inaccuracies, or inaccuracies in updates made to models and/or model data which are detected by the Firm will be reported to the Investors.

In addition, some of the models used by the Firm are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to

potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Funds and consequently the Investors. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data.

*Risk of Programming and Modelling Errors and Coding.* The research and modelling process engaged in by BlueCove is extremely complex and involves financial, economic, econometric and statistical theories, research and modelling; the results of that process must then be translated into computer code. Although the Firm seeks to employ individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the end product raises the chances that the finished model may contain errors; one or more of such errors could adversely affect a Fund’s performance. There can be no assurance that BlueCove would become aware of such errors within a specified timeframe or at all, or that any such errors would be notified to Investors. Degradation or the impact of these programming errors can also compound over time. Additionally, BlueCove typically does not utilize design documents or specifications when building its proprietary software. Therefore, the proprietary software code generally serves as the only definitive documentation and specification for how such software should perform. The Firm will detect certain coding errors that it chooses, in its sole discretion, not to address or fix. BlueCove will not perform a materiality analysis on many of the errors it discovers.

*Process Exceptions.* The BlueCove Funds’ investment strategies are based on mathematical models which are implemented as computer-based systems. Issues with the design, development, implementation, maintenance or operation of the investment strategies, any component of an investment strategy, or any processes and procedures related to any strategy (collectively, “Process Exceptions”) may cause losses to a Fund and such losses may be substantial. Any losses or gains arising from Process Exceptions are borne by the relevant Fund except for any losses for which BlueCove is responsible under contract or applicable law. Process Exceptions may include, but are not limited to:

- (a) *Programming Errors.* BlueCove may make programming errors in translating its mathematical models into computer code. In addition, as a mathematical model can be expressed in computer code in multiple ways, the choice of code ultimately used may not result in the best representation of the model.
- (b) *Failure of Technology.* The Firm’s computer-based systems are reliant on proprietary and third-party technology. Such technology may be adversely affected by many issues, some of which may be outside of BlueCove’s control, including issues associated with network infrastructure, software updates, bugs, viruses and unauthorized access.
- (c) *Incorporation of Data.* BlueCove may incorporate inaccurate data, or make errors in incorporating data, into the systems.
- (d) *Process Change.* As an evolving firm, there can be no guarantee that any of the numerous processes developed by BlueCove to perform various functions (including, processes related to data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, compliance, operations, P&L and accounting) will not change over time or, in some cases, cease altogether.



Process Exceptions may be extremely difficult to detect, may go undetected for long periods or may never be detected. The impact of such Process Exceptions may be compounded over time and may result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data and/or the failure to take certain hedging or risk mitigating actions. Although BlueCove evaluates the materiality of any Process Exceptions that it detects, the Firm is not required to report Process Exceptions and/or their consequences to the BlueCove Funds, or to Investors, and BlueCove may conclude that some Process Exceptions are not material and may choose not to address them. Such judgments may prove not to be correct.

*Trade Errors.* Trade errors are unintentional mistakes which occur during the execution phase of trading and result in the placing of a different trade to one that was instructed.

BlueCove has put in place systems and controls which are designed to reduce the occurrence and impact of trade errors, and monitors the adequacy and effectiveness of those systems and controls. However, BlueCove cannot guarantee that the manual and automated execution processes which it has devised and implemented will be error free. The possibility of trade errors occurring is an inherent risk in the trading strategies implemented by the BlueCove Funds.

Gains and losses arising from trade errors may be substantial, due to the value of incorrect trades that may be placed, and due to the risk that some trade errors may remain undetected for a period of time or may not be detected at all. Any gains resulting from trade errors will be retained by the relevant Fund and any trade error losses will generally be borne by the relevant Fund.

*Ultimate Investment Discretion.* Whilst the Firm's investment process is based on research and models, investment decisions are ultimately made at the discretion of individuals within the Firm's team of investment professionals. Actual investment decisions made by the Firm with respect to the Funds' portfolios may depart from the output provided by its computer models, and this may be a regular occurrence. There can be no assurance as to the frequency of such departures, and it is not expected that such departures will be reported to Investors. Furthermore, the Firm does not provide any assurance that such departures will not result in poorer performance by the Funds' portfolio than would have been experienced if the output of the Firm's models had been implemented without change. The risk of any underperformance as a result of the Firm's investment decisions is borne by the Funds.

*Development of the Investment Strategy.* The Firm intends to test, evaluate and add new models, and will likely add and/or replace data sources and modify existing models from time to time. Any modification of data sources and/or models will not be subject to any requirement that Investors consent to or receive notice of the change. There can be no assurance as to the effects (positive or negative) of any modification on the Funds' performance.

Any modifications to the Firm's models that have a positive effect on the Funds' performance will not be held to imply that the Firm did not correctly discharge its duties to the Funds during any period prior to making such modifications.

*Derivatives in General.* The BlueCove Funds make use of various derivative instruments, such as convertible securities, options, futures, forwards and interest rate, and credit default swaps. The use of

derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

**Swaps.** A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, security or commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap contracts and similar derivatives contracts are not always traded on exchanges, and banks and dealers may act as principals in these markets. As a result, the BlueCove Funds are subject to the risk of the refusal of a counterparty to trade, and the inability or refusal of a counterparty to carry out their contractual obligations with respect to such contracts. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade.

**Hedging.** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the hedging instrument and the value of the BlueCove Funds’ position(s) or other objective of the relevant Fund; (ii) possible lack of a secondary market for closing out a position in such a hedging instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by BlueCove; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the BlueCove Funds’ positions; and (v) default or refusal to perform on the part of the counterparty with which the BlueCove Funds trade. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be subject to the risks associated with OTC transactions.

**Valuation of Investments.** Certain of the BlueCove Funds’ investments may be difficult to value due to various factors, including the absence of readily ascertainable market values, and limited sources of reliable valuation information. The BlueCove Funds are valued by a professional third party administrator in accordance with a valuation policy.

Valuation of the BlueCove Funds’ investments may involve uncertainties and subjective determinations, and such valuations may prove to not be indicative of the prices ultimately received by the BlueCove Funds upon a disposition of such assets.

**Currency.** Shares/interests in the BlueCove Funds will be issued and redeemed in the currency applicable to each class. The underlying instruments held by the BlueCove Funds may be denominated in other currencies. Changes in foreign currency exchange rates may therefore have a separate effect, favorable or unfavorable, on the gain or loss otherwise made on the instruments held by the relevant Fund. Accordingly, the value of an investment in a Fund may be affected favorably or unfavorably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the relevant currencies. The BlueCove Funds may enter into back to back currency borrowing or utilize derivatives such as forwards, futures, options and other derivatives to hedge against

currency fluctuations, but there can be no assurance that such hedging transactions will be undertaken or if undertaken will be effective or beneficial or that there will be a hedge in place at any given time.

### **Other Risks**

*Market Disruptions; Governmental Intervention.* The global financial crisis of 2008-2009 witnessed pervasive and fundamental disruptions to the global financial markets that led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented 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. Future disruptions may result in similar government interventions. As one would expect given the complexities of the financial markets and the limited time frame within which governments felt compelled to take action, such interventions were often unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

*United Kingdom’s Withdrawal from the European Union (“Brexit”).* The U.K. withdrew from the EU and the EEA on January 31, 2020 and entered into a Transition Period, during which EU law continued to apply in the UK. The Transition Period ended on December 31, 2020.

The Brexit process or the uncertainty associated with it may, at any stage, even post the end of the Transition Period, adversely affect the Funds and their investments or the Firm. There may be detrimental implications for the value of the Funds’ investments or its ability to implement its investment program. This may be due to, among other things:

- (i) increased uncertainty and volatility in U.K., EU and other financial markets;
- (ii) fluctuations in asset values;
- (iii) fluctuations in exchange rates;
- (iv) increased illiquidity of investments located, listed or traded within the U.K., the EU or elsewhere;
- (v) changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or
- (vi) changes in legal and regulatory regimes to which the Funds, the Firm, certain of the Funds’ assets or service providers are or become subject.

The U.K.’s vote to leave the EU has created a degree of political uncertainty, as well as uncertainty in monetary and fiscal policy, which has continued beyond the end of the Transition Period. It may have a destabilizing effect on some of the remaining members of the EU, the effects of which may be felt particularly acutely by Member States within the Eurozone.

*Business Continuity and Disaster Recovery.* BlueCove's business operations could become vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics (as further detailed below), terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although BlueCove has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies are planned for. If such business operations are disrupted or suspended for extended periods of time, investors in the BlueCove Funds may be adversely affected.

*Coronavirus Outbreak Risks.* The global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has contributed, and is expected to continue to contribute, to market volatility. The policy response by national governments and central banks have caused unprecedented conditions in financial markets, which may materially and adversely affect the Funds. Since COVID-19 is present in jurisdictions in which BlueCove conducts business, it could affect the ability of BlueCove to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out the Funds' investment strategies and objectives. In addition, BlueCove's personnel and personnel of critical service providers to BlueCove or the Funds may be directly impacted by the spread of COVID-19, both through direct exposure and exposure to family members, which could impact BlueCove's ability to satisfy its obligations to the Funds, their investors, and pursuant to applicable law. The spread of COVID-19 among BlueCove personnel has the potential to significantly affect BlueCove's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or members of senior management).

*Geopolitical Risks and Economic Sanctions.* Russia's recent invasion of Ukraine has created extreme uncertainty in geopolitics. Western governments have imposed economic sanctions upon Russia, Belarus and numerous businesses and individuals in response to this event. Such sanctions (as well as countersanctions and voluntary withdrawals of businesses from certain markets) may be expanded and/or adjusted without notice, potentially impacting products and issuers traded by the BlueCove Funds. The medium and long-term consequences of this event are highly uncertain and may result in material disruption to BlueCove and the BlueCove Funds.

## **Item 9. Disciplinary Information**

There have been no legal or disciplinary events involving either BlueCove or any of its management persons that are material to the Firm's advisory business.

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

- A. Neither BlueCove nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. BlueCove is registered with the Commodity Futures Trading Commission as a commodity pool operator and commodity trading advisor and is a member of the National Futures Association.
- C. BlueCove does not recommend or select other investment advisers for its BlueCove Funds in circumstances where it receives compensation directly or indirectly from those advisers.

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

- A. Through BlueCove's service as an investment adviser, there may arise many potential conflicts of interest, including, but not limited to, those identified below. The Firm has policies and procedures to address such potential conflicts of interest. BlueCove has adopted a Code of Ethics (the "Code"), which describes the Firm's fiduciary duties and responsibilities to the BlueCove Funds and Other Accounts. The Code of Ethics requires that the Firm's supervised persons act in the best interests of the BlueCove Funds and Other Accounts to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the BlueCove Funds and Other Accounts to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. BlueCove's supervised persons are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate parties of any actual or suspected violations of such laws by the Firm or its supervised persons. Initially, upon hire, and on an annual basis thereafter, BlueCove requires that all supervised persons certify their receipt, review, understanding and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's supervised persons. The Code requires all supervised persons to report all "reportable securities" transactions and provide a summary of reportable securities holdings initially upon hire and annually thereafter. Supervised persons are also prohibited from trading in certain types of securities and require pre-clearance for trading certain other securities and for certain private investments. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of U.S. political contributions. BlueCove will provide a complete copy of the Code to any client or prospective client upon request.

- B. BlueCove serves as the investment adviser to the BlueCove Funds and provides management and advisory services to the Other Accounts. Supervised persons (and their affiliates and/or relatives) may make investments in the Funds and certain of the Other Accounts. The Firm generally does not receive compensation from such investments from supervised persons. Additionally, certain of the Firm's employees have a financial interest in the BlueCove Funds and/or certain of the Other Accounts through a direct investment interest in the BlueCove Funds and/or certain of the Other Accounts. As such, BlueCove could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest. These investments are intended to align the interests of BlueCove with those of the BlueCove Funds, certain of the Other Accounts and the Investors; therefore, the Firm does not believe that these arrangements present any material conflict of interest.
- C. BlueCove may not engage in transactions with the BlueCove Funds or Other Accounts. BlueCove may not enter into "principal transactions" with the BlueCove Funds or Other Accounts within the meaning of Section 206(3) of the Advisers Act, in which BlueCove or such affiliate acts as principal for its own account with respect to the sale of a security to or purchase of a security from the BlueCove Funds or Other Accounts.

## Item 12. Brokerage Practices

A. BlueCove has full discretionary authority to manage the BlueCove Funds and Other Accounts including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. In selecting a broker-dealer to execute transactions for the BlueCove Funds and Other Accounts, the Firm seeks to obtain best execution, for which it may take into account the characteristics of the client fund, the characteristics of the order, the characteristics of the instrument to be traded, and the characteristics of the broker or execution venue. BlueCove will also consider price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the transaction.

### B. **Allocation and Aggregation of Investment Opportunities**

BlueCove advises the BlueCove Funds and generally conducts all trades in the relevant Master Fund. BlueCove also advises the Other Accounts, as described previously in this Brochure. BlueCove may in the future sponsor, control or manage further funds or accounts. Other Accounts may have an investment strategy or focus similar to the investment strategy or focus of any of the BlueCove Funds or may otherwise seek the same or similar investment opportunities as any BlueCove Fund. Accordingly, there is no assurance that the BlueCove Funds and one or more of the Other Accounts will not have competing investment mandates or present other situations in which their respective interests diverge or conflict.

BlueCove may determine that an investment opportunity is appropriate for one or more of the Other Accounts, but not for the BlueCove Funds. Situations may arise in which Other Accounts managed by BlueCove or its affiliates have made investments that would have been appropriate for investment by the BlueCove Funds but, for various reasons, were not pursued by, or available to, the BlueCove Funds in the discretion of BlueCove. To the extent that Other Accounts invest in a particular investment opportunity, the ability of the BlueCove Funds to invest in the same investment opportunity may be adversely affected by any limitation on availability of such investment opportunity. In addition, BlueCove may be required to choose between the BlueCove Funds and Other Accounts in allocating investments. BlueCove generally intends to allocate all investment opportunities that it determines to be appropriate for the BlueCove Funds and Other Accounts in a manner that the Firm believes is fair and equitable to all accounts over time, taking into account the different investment mandates and investment strategies applicable to such accounts, the current investment portfolios of such accounts, the relative capitalization and cash availability of such accounts, investment time horizon, leverage ratios and tax, regulatory and other relevant considerations.

BlueCove or its affiliates may, in certain circumstances, take positions for Other Accounts opposite to those taken by the BlueCove Funds and/or take positions in Other Accounts which involve conflicts or potential conflicts with the BlueCove Funds' positions (e.g., investments in different levels of an issuer's capital structure). These positions could adversely affect the performance of investments held by the BlueCove Funds. For example, a large short position in a security for an Other Account could cause a decline in the value of a long position held by the BlueCove Funds in the same security.



BlueCove may also decline to make an investment for the BlueCove Funds out of concern that such investment might harm one or more of the Other Accounts.

When providing services to Other Accounts, the policy will be to generally aggregate orders for the same security unless aggregation is not consistent with the Firm's duty to seek best execution and the terms of the investment guidelines and restrictions of each account for which trades are being aggregated. Aggregation opportunities would generally arise when more than one account is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. BlueCove's approach to aggregated orders is further described in BlueCove's Compliance Manual, which is available to prospective investors upon request.

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

- A. The BlueCove Funds' investments are continually monitored and reviewed by the Firm's investment team. The Firm is responsible for, among other things, reviewing the investments in the context of the BlueCove Funds' stated objectives and monitoring for portfolio and risk management.
- B. As well as the ongoing review of the portfolio management process, reviews may include material changes in key variables that may affect the performance of the investments, including, without limitation, changes in the financial markets, activity and trends in the political or economic environment, as well as the specific circumstances affecting the Funds.
- C. Audited financial statements are provided to Investors in the Funds, within 120 days of the end of each Fund's fiscal year, as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

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

- A. BlueCove does not receive an economic benefit from anyone, other than from the BlueCove Funds and Other Accounts, for providing investment advice or other advisory services to the BlueCove Funds and the Other Accounts respectively.
- B. BlueCove does not utilize any third-party marketers or solicitors at this time.

## Item 15. Custody

For purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the “Custody Rule”), BlueCove is deemed to have custody over the BlueCove Funds’ assets. In accordance with the Custody Rule, a qualified custodian will not be required to deliver quarterly account statements to the Funds or their respective Investors as long as (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) BlueCove delivers such annual audited financial statements to Investors within 120 days after the end of each Fund’s fiscal year.

## **Item 16. Investment Discretion**

BlueCove accepts discretionary authority to manage assets and securities on behalf of the BlueCove Funds and Other Accounts through the investment management agreements with the Funds and Other Accounts. The Investors generally do not have the ability to place any limits on BlueCove's authority beyond the limitations set forth in the Offering Documents of the applicable Fund or Other Account.

## Item 17. Voting Client Securities

BlueCove has established a proxy voting policy and procedures designed to ensure that proxies are voted in the best interests of the BlueCove Funds and Other Accounts. When voting proxies, BlueCove must identify and address material conflicts that may arise between the Firm's interests and those of the BlueCove Funds and Other Accounts.

If BlueCove determines that a conflict of interest exists as to a particular issuer, the Chief Compliance Officer ("CCO") will determine whether the conflict is material to the vote. If it is determined not to be material, the Firm will vote without further procedures. If it is determined to be material, BlueCove will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote.

In the absence of a material conflict, BlueCove will seek to act solely in the best interests of the BlueCove Funds and Other Accounts. BlueCove determines whether and how to vote proxies on a case-by-case basis. In making such determination, BlueCove will: (i) attempt to consider all aspects of the vote that could affect the value of the issuer or that of the relevant BlueCove Fund or Other Account, (ii) vote in a manner that it believes is consistent with the relevant BlueCove Funds' or Other Accounts' stated objectives, (iii) generally vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless BlueCove has a particular reason to vote to the contrary, and (iv) may not vote at all to the extent the outcome of the vote or action does not have a material impact on the issuer or value of its securities.

Investors may request a copy of BlueCove's proxy voting policy, as well as relevant proxy voting records, by contacting the Firm.

### **Class Action Lawsuits**

As a fiduciary, BlueCove always seeks to act in the best interests of the BlueCove Funds and Other Accounts with good faith, loyalty and due care. Except as agreed with respect to any Other Account(s) in the relevant Other Account Mandate(s), the Firm will determine whether the BlueCove Funds and Other Accounts will (i) participate in a recovery achieved through a class action lawsuit, (ii) opt out of the class action and separately pursue their own remedy or (iii) decide not to pursue any action. BlueCove may appoint a third party agency to oversee the completion of the proof of claim forms and any associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. The third party agency may also maintain documentation associated with the BlueCove Funds' participation in class action lawsuits.

Supervised persons must notify the CCO if they are aware of any material conflict of interest associated with the BlueCove Funds' or Other Accounts' participation in class action lawsuits. The CCO will evaluate any such conflicts and determine an appropriate course of action for BlueCove. The BlueCove Funds and other advisory relationships generally do not serve as the lead plaintiff in class action lawsuits because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs.

## Item 18. Financial Information

- A. BlueCove does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance and therefore has not included a balance sheet.
- B. BlueCove does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the BlueCove Funds or Other Accounts.
- C. BlueCove has never been the subject of a bankruptcy petition.