

# Alpha Leonis Partners, LLC

Form ADV Part 2A

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This Company Brochure provides information about the qualifications and business practices of Alpha Leonis Partners, LLC. If you have any questions about the contents of this Brochure, please contact David Pinkerton, via phone at +1 (332) 249-0051 or via e-mail at [dpinkerton@alpllc.com](mailto:dpinkerton@alpllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Alpha Leonis Partners, LLC is a registered investment advisor with the Securities and Exchange Commission. Registration of an investment advisor does not imply any level of skill or training. Additional information about Alpha Leonis Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Date of Brochure: March 2022

## Material Changes

The Firm has filed its amended ADV 1 to reflect its Regulatory Assets under Management as referenced in Item 4 below.

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## Advisory Business

### *Firm Description*

Alpha Leonis Partners, LLC (“ALP” or “the Firm” or “we”), a Delaware Limited Liability Company based in New York, was founded in January 2021.

The Firm was created with a vision of providing prudent stewardship and custom strategic investment advisory solutions for its clients’ assets. The Firm expects that its client base will consist primarily of institutional entities such as foundations, endowments, and operating charities. The Firm expects to provide its services to clients based primarily in the United States.

### *Principal Owners*

The Firm is owned by Alpha Leonis Partners AG (“ALP AG”), a financial services firm located in Zurich, Switzerland.

### *Services*

The Firm provides a comprehensive range of services in the area of non-discretionary (advisory) investment management. When providing services to our clients, we also utilize the resources and personnel of ALP AG. Any arrangements with ALP AG are subject to various conditions designed to ensure compliance with U.S. laws and regulations and adequate SEC oversight when investment advisory services are provided to U.S. persons.

The core services provided by ALP can be described in terms of the following three pillars:

1. *Focused Private Equity Programs;*
2. *Specialized Liquidity Management; and*
3. *Outsourced CIO Services.*

Services provided by the Firm typically comprise the following elements:

- *Asset Allocation:* The Firm conducts studies to determine the appropriate target percentage allocation to various asset categories and its minimum to maximum ranges considering the client's investment objectives, risk tolerances, special or unique circumstances, and investment time horizons. It also continuously monitors a client’s asset allocation and market conditions related to different asset classes in order to consider optimal rebalancing of asset allocation when it deems that to be in the best interest of the client and in accordance with the respective client’s Investment Policy Statement that might govern active or dynamic asset allocation;
- *Investment Policy Statement (“IPS”):* The Firm helps develop an IPS for each client (or, in the case of an existing policy statement, reviews it and recommends changes where appropriate). This IPS provides guidance for the Advisor as well as third party managers in charge of managed account structures, for the management and oversight of a client’s financial assets;
- *Capital Market Research:* The Firm conducts comprehensive capital (public equity, private equity, fixed income and commodities-oriented) market research and identifies suitable investment opportunities in various asset categories, in accordance with the client’s IPS;

- *Due Diligence:* The Firm conducts in-depth due diligence on all potential investment opportunities. The due diligence process involves financial market data analysis, review of consultant research, sell side research, industry analysis, Bloomberg data analysis of public information and in-person (or virtual) meetings with all key professionals relevant for an investment (i.e., management team of a target company, deal sponsor, fund manager, etc.);
- *Presentation of Investment:* The Firm presents investment ideas / opportunities to the client in a formal meeting using its Due Diligence Reports and answers all the questions a client might have about the new potential investment;
- *Disposition / Re-Balancing:* The Firm makes recommendations for the potential disposition or sale of investment positions held by the client;
- *Portfolio Monitoring and Reporting:* The Firm monitors client portfolios on a continuous basis and prepares comprehensive periodic exposure and performance reports, which can be tailor-made to a client's needs. The Firm has the capacity to provide aggregate exposure and performance reports for the entire portfolio of a client, including those parts that are managed / advised by third parties;
- *Cash-Flow Forecast:* The Firm conducts a comprehensive cash-flow forecast for its clients, considering the existing client's investment portfolio, future funding needs or new allocations to the portfolio using a proprietary cash-flow model developed for private markets funds. Furthermore, the Firm can prepare long-term projections for the client portfolio (NAV growth and changes in asset class composition), using the cash-flow forecast and the IPS of the client;
- *Ancillary Investments-Related Functions:* The Firm supports its clients with a wide range of investment-related tasks such as the completion of subscription agreements, providing information about the client within the know-your-customer ("KYC") process, monitoring of capital calls and distributions, monitoring of corporate actions within all investments and providing recommendations pertaining to such corporate actions, etc.; and
- *Selection of Service Providers:* The Firm can assist the client with review of custodial relationships (or other service providers) and can help negotiate fees for the client.

Our clients are free to select any combination of the services listed above and / or to request additional services. The range of services the client receives as well as the fees for such services are specified in the investment advisory agreement, which must be signed by the client and by the Firm before such services are provided.

Clients may impose reasonable restrictions as applicable for non-discretionary mandates.

#### *Amounts Under Management*

As of December 31, 2021, the Regulatory Assets under Management was \$296mm, all managed on a non-discretionary basis.

## Fees and Compensation

It should be noted that fees described in this section serve as indicative purposes only. The exact fees as well as other commercial terms will be outlined in the specific agreement between the Firm and its clients.

In providing its services, the Firm is fully independent of banks, providers of financial products or any other institutions operating in the financial industry. The Firm has no obligation to promote any financial products or services and does not receive any remuneration from third parties.

The only revenues earned by the Firm for its services are the fees and compensation payments received from its clients.

### *Annual Advisory / Management Fees*

The Firm's annual advisory fees are typically calculated as a percentage of the market value of assets under management or, for investments that are not publicly listed (private markets), as a percentage of net asset value of assets under management or their cost, or based upon committed capital to a particular investment strategy depending on the agreement with the clients. Calculation of fees, expressed as a percentage of investments' net asset value is the predominant method of fee calculation for the Firm's clients and it is performed on a quarterly basis as of March 31st, June 30th, September 30th, and December 31st per the Firm's standard valuation policy. The annual fees for advisory services depend on size and complexity of the mandate. Typically, different rates are applied for various asset categories. The fees range between 0.20% and 1.00% per annum, and are negotiable depending on the service level required by the client, type of investments, and total assets under management for the client.

The Firm's fees are invoiced to the client quarterly. They are paid either in arrears or in advance, depending on the agreement. Payment is due 30 days after the date of the invoice.

### *Advanced Payment of Fees*

The manner in which fees are charged will be described in the client's specific agreement. In some cases, the Firm will bill and charge its fees in advance on a quarterly basis, typically 30 days after the beginning of the calendar quarter. Fees are charged from the date as specified in each client agreement and will be charged until the termination of the agreement. Some agreements can be terminated by either party without penalty by providing written notice of termination to the other party. In any case, the Firm will promptly refund any prepaid but unearned fees to its clients. The prefunded but unearned fees will be determined on a pro rata basis according to the termination date of the agreement.

### *Due Diligence Expenses*

Depending on their scope, the Firm may charge the client with third-party expenses related to due diligence conducted by the Firm on investments added to the client's portfolio. These expenses are primarily fees paid to law firms for legal and / or tax review. Every investment advisory agreement between the Firm and its client defines limits for such expenses, and charges above these limits require prior explicit approval by the client. Due diligence expenses are allocated to

clients on a pro rata basis depending on the amount they invest / commit to a deal. If the transaction is not consummated, such “broken deal” costs are borne by the Firm.

#### *Other Fees*

The Firm’s fees listed above are exclusive of brokerage commissions, custody fees, transaction fees, wire transfer fees and other related costs and expenses which might be incurred by the client which are outside of the Firm’s control. Furthermore, the Firm’s fees do not include fees charged by external fund managers. Those will include fees and charges imposed on shareholders of the fund or imposed on the fund and borne indirectly by shareholders, as disclosed in the fund offering documents.

The Firm does not receive any portion of the fees charged to the client by external managers or by any other service providers.

#### *Valuation Rules*

The rules outlined below are applied by the Firm both for reporting purposes as well as for fee calculation purposes:

- For investment funds operating in public markets, including hedge funds, the reported values of the individual funds are the official Net Asset Values as of Reporting Date provided by the administrator of the fund;
- For private equity and private real estate fund investments, the reported values are as per the official Capital Account Statements for the Reporting Date, which are prepared by the fund manager or administrator;
- In cases where a Capital Account Statement is not available as of the Reporting Date, the reported value equals the value as per the last available Capital Account Statement, adjusted by the cumulative capital calls and capital distributions between the date for which such Statement was prepared and the Reporting Date;
- For all investments where investor statements / independent valuations are not available, the value is typically kept at cost. The adjusted cost value (a.k.a. net investment) is calculated as the sum of cash out-flows less the sum of cash-inflows related to a specific investment. The Firm can at times deviate from the cost basis and use lower valuations (“write-downs”) or higher valuations (“write-ups”) if we believe there are meritable reasons to do so, and always in line with the best valuation practices as set out in the International Private Equity and Venture Capital Valuation (IPEV) Guidelines; and
- All investments are typically reported in US Dollars (“USD”) unless otherwise instructed in reporting guidelines from the client. Investments denominated in a foreign currency are converted and revalued to USD at the Reporting Date using the Bloomberg closing spot FX rate of that day.

### **Performance-Based Compensation and Side-by-Side Management**

Regarding investments in private markets, the Firm typically charges performance fees. Such fees are based on realized gains (which are net of all annual fees and expenses charged by the Firm)

and are subject to a preferred return of typically 8% per annum. Only after realized gains in excess of the preferred return have been paid to clients, does the performance fee become operative. Performance fees can range between 5% and 20% of net realized gains, depending on the complexity of the investment and the strategy applied. The Firm communicates the exact level of performance fees to the client each time a private investment is presented for a client's consideration.

Performance-based allocation arrangements creates the apparent incentive for the Firm to recommend investments that are riskier or more speculative than those which would be recommended under a different arrangement. Such arrangements may also create an incentive to favor higher-fee paying clients over other clients of the Firm in the allocation of investment opportunities.

Furthermore, conflicts related to side-by-side management of different accounts may exist. For example, the Firm could manage more than one account according to the same or very similar investment strategy. Side-by-side management of different accounts raises conflicts of interest when two or more accounts invest in the same securities. These potential conflicts include the favorable or preferential treatment of an account or a group of accounts, particularly with respect to opportunities that have limited availability such as co-investments or oversubscribed private market funds.

## Conflict Mitigation

1. The Firm discloses potential conflicts described above to all clients;
2. The Firm's portfolio managers are mindful of the investment objectives of its clients and have a process in place to monitor compliance with formal investment guidelines and informal risk management guidelines implemented by the Firm; and
3. The Firm has adopted policies and procedures that require employees to act in the best interest of clients at all times.

## Types of Clients

The Firm's client base consists of institutional entities such as foundations, endowments, and operating charities.

For comprehensive services provided to multi-asset portfolios, the minimum initial account size is typically \$50m. This threshold can be reduced by the Firm in our discretion, depending, among other factors, on asset classes to which our services are to be provided or on potential for development of the relationship. For clients seeking advice on a specific strategy or asset category, the minimum size is much lower but typically never lower than \$1m.

Each prospective client is required to execute a written agreement with the Firm specifying the range of advisory services and fees in order to establish a client arrangement.

## Methods of Analysis, Investment Strategies and Key Risks Involved

The Firm has the experience to provide investment advice on a broad range of investment strategies and asset categories, however, our focus has been on the following three pillars: 1)



Focused Private Equity Programs, 2) Specialized Liquidity Management, and 3) Outsourced CIO Services. The financial instruments we typically recommend include (but are not limited to) cash, listed and non-listed equities, ETFs, mutual funds, hedge funds, private equity and private real estate funds, co- and direct investments in private companies or in private real estate projects.

New investments are sourced via different channels, depending on asset category, however most opportunities are sourced through our proprietary professional networks. Other sources include industry conferences, capital introduction events, placement agents or industry databases like HFR, Preqin or Pitchbook. Additionally, the Firm keeps a proprietary database of managers that could be added to our client's portfolios at a later stage and which we systematically monitor. With regard to direct private equity investments, the primary source of new investment opportunities are the existing relationships with the General Partners of funds our clients are invested in, but may also include sourcing conducted independently of the aforementioned General Partners.

### *Methods of Analysis*

Our investment analyses methods depend upon the investment strategies implemented for the client. We combine top-down macro analysis with bottom-up analysis.

For the selection of external fund managers, we use proprietary quantitative and qualitative methods, including on-site visits, reference calls, peer-group comparisons (using industry data bases) and information provided by our professional network.

For hedge fund managers, we emphasize a qualitative evaluation of how their portfolios are likely to perform in different market environments. We focus on the manager's research process, historical security selection skills, and portfolio structuring capabilities. We also look at the operational aspects of manager's operations, including the main service providers to the fund (custodians, brokers, administrators, etc.).

For investment managers operating in private markets, our quantitative review generally includes the manager's track record, an assessment of the specific strategy to be executed by the firm, the demonstrated competency of the individuals at such firms to execute this proposed strategy and the likelihood of the future financial performance assessed on an absolute basis as well as on a relative basis versus industry vintage year benchmarks. When available, we also conduct a performance attribution analysis at the company level to ascertain which investments and sectors drive the manager's performance.

Direct investments in individual private companies can present higher risk and therefore merit special focus. We conduct very detailed, fundamental research on the target companies as well as on the industries they operate in. Our analysis typically includes, but is not limited to, the company's product and service offering, the strength of its customer base if relevant, its financial condition to execute the business plan, the quality of the management team, the competitive landscape as well as an assessment of the technology that is supporting the company's value proposition.

When evaluating a new investment opportunity, we also take into account the relative attractiveness of a strategy or particular sector at a given point in time as well as a determination

of the suitability of the investment as it fits into a client's existing portfolio so as to build diversification for such client's portfolio.

### *Investment Strategies*

The Firm may employ a variety of investment strategies for its clients. The selection and allocation to the various strategies is defined in the advisory agreement signed between the client and the Firm, as well as in the investment policy statement, which might be updated from time to time at a client's request or the Firm's recommendation.

The Firm's strength lies in alternative investments, especially in private equity (Pillar 1) as well as in absolute return investment strategies implemented in public markets (Pillar 2). Therefore, for a high portion of the Firm's mandates, these investment strategies constitute the "core holding" or at least a substantial allocation within the client's portfolio.

With this being said, the Firm provides general CIO services to diversified portfolios (Pillar 3). Such portfolio oversight services include preparation of asset allocation studies and recommendations for the optimal asset allocation mix (taking into account clients' preferences and their financial position). Furthermore, the Firm can make recommendations for investments in individual securities (bonds, stocks, ETFs, mutual funds, etc.) or select and recommend third party providers for investment strategies.

In the case of Pillar 3, the Firm's recommended investments are generally implemented via an allocation to a variety of financial instruments including stocks, bonds, mutual funds, ETFs managed accounts or external partnership investment vehicles predominantly managed by third party managers that the Firm selects.

Absolute return funds operating in public markets (oftentimes referred to as hedge funds) deploy a whole range of investment strategies, the most common ones being *Equity Hedge*, *Event-Driven*, *Global Macro*, and *Relative-Value*. With regard to funds pursuing the above strategies, the Firm adds value through strategy selection (setting the optimal mix of the individual strategies listed above) and in manager selection (selecting the best managers representing a particular strategy).

Private equity funds selected by the Firm typically follow one of the following three strategies:

- *Venture Capital*: An investment strategy that refers to early stage investments made in startups and relatively young companies with little to no track record of prior profitability. As such, these types of private equity investments are considered high-risk / high-reward investments and are made with the goal of generating outsized returns delivered by the winners to a degree to which they are compensating for the early-stage investments that fail. Due to the higher risk aspect of this strategy and the need to diversify more robustly because of this inherent risk, the Firm typically invests in Venture Capital oriented Funds where there is a specialized General Partner that has the requisite skills and track record to identify and invest in the most promising companies in a very early stage of their development and profiting from a successful exit. Furthermore, due to the strategy's higher risk, the Firm typically uses lower allocations to this particular strategy in client portfolios, unless the client specifically requests the Firm to execute a venture capital "heavy" portfolio.

- *Buyout*: An investment strategy that focuses on the acquisition of a controlling interest in a company and is typically undertaken because the new shareholder wishes to apply a new strategy or different approach to the management and / or governance of the company. This strategy typically involves the purchase of a company and often times uses leverage to acquire such company. In said private equity transactions, there are a wide range of sub-strategies to seek higher returns generated which can include:
  - The use of higher degrees of financial leverage to generate equity returns through the pay down of debt at the company;
  - Identifying a company and a management team that can use this platform as a consolidation entity to “roll up” an industry;
  - Acquiring underperforming or undervalued companies that the new shareholder can operationally turn around; or
  - Developing or supporting the company to expand its product and / or service offering.

Many buyouts are achieved with borrowed capital, which are then referred to as leveraged buyouts.

- *Growth / Expansion Capital*: An investment strategy applied to more mature companies than those in Venture Capital as their businesses have further-proven business models including looking for capital to expand or improve their operations, enter new markets, or finance a major acquisition. Typically, these are minority investments without changing of control, and take on capital for additional growth. Such companies already generate revenues and have more near term potential for operating profits or perhaps might already be cash flow positive; however, not to a degree that would enable a company to fund the transformational changes desired by the management of the company.

Direct Private Equity investments in private companies are investments that typically follow the styles of private equity noted above (i.e., Venture Capital, Buyout or Growth / Expansion Capital) and represent a single investment hypothesis in a company as opposed to an investment in a General Partner that will invest in a variety of underlying companies.

Real estate funds selected by the Firm follow one of the following three strategies:

- *Value-Add*: An investment strategy which involves the purchasing of property to improve its operations and then selling it later at a higher price than it was acquired. Ideal property candidates are properties that have occupancy issues, management issues, deferred maintenance or a combination of all three. Such investments typically require a deep knowledge of real estate, strategic planning, and daily property oversight by their owners;
- *Development*: An investment strategy which typically involves buying a real estate asset that is under-developed relative to its fullest potential and then engaging in all activities, from permitting to infrastructure preparation, and then building on the property to create an asset that is more useful by the market. Development ideas can include de-novo development ideas, but can also include stepping into a real estate development process already underway with the objective of completing what may have already been started; and

- *Existing Asset*: An investment strategy which involves simply buying a real estate asset that is either perceived to be undervalued, or owned by a distressed holder who is being forced to sell at a discount to the property's longer-term inherent value.

## *Risks*

Investing in securities recommended by the Firm bears several risks, including the possible loss of all capital invested. The risk factors presented below are for representative purposes only, and are not intended to be a complete list of all risks involved. The clients must ensure that they are able to evaluate such risks and that they have the financial ability and willingness to accept such risks.

- *Financial Markets Fluctuations*: Fluctuations in the market prices of securities may affect the value of a client's portfolio, either directly (in the case of direct holdings of publicly traded securities) or indirectly (via investments in funds that invest in public markets).
- *Lack of Control*: The Firm does not control the individual investments made by the selected fund managers or other investment decisions. There can be no assurance that such investments will be successful or will not result in substantial losses. Furthermore, there is no guarantee that the information and reports provided to the Firm or the Firm's clients with respect to underlying investments will not be fraudulent, inaccurate or incomplete. Furthermore, past performances of recommended managers, funds, investments or the success of a manager / deal sponsor in any similar venture is no assurance of future success.
- *Hedge Fund Investments*: The risks inherent in investing in hedge funds include (but are not limited to) limited regulatory oversight, illiquidity, use of possibly speculative trading techniques, use of leverage or derivatives, short selling and hedging techniques. Despite the hedging tactics used by hedge fund managers to mitigate risk, investments held in hedge funds are susceptible to market movements that can be volatile and difficult to predict. The activities of governments can have an effect on interest rates which, in turn, affect prices of securities, options and derivatives as well as the liquidity of such markets. Politics, recession, inflation, employment levels, trade policies, international events, war, natural disasters and other unforeseen events can also have a significant impact upon the prices of securities. Additionally, some hedge funds are subject to limited withdrawal rights and early redemption fees. A fund may be unable to liquidate certain investments to pay withdrawals in a timely manner. Realization of value from the interests in a hedge fund may be difficult in the short-term or may have to be made at a substantial discount compared to other freely tradable investments.
- *Illiquidity*: Private Markets Funds (private equity or private real estate): Investments in private markets funds and underlying privately held companies are illiquid and there is no public securities exchange where these investments may be readily sold. The Firm advises its clients that these types of investments should be expected to be held for the duration of the investment hypothesis which can range from 12 months to 10 years. Private equity funds and private real estate funds typically have a weighted average duration of five to seven years, but the full maturity or the contractual life of such private equity funds may in fact be over 10 years. Illiquid investments whether they are private equity or real estate funds or direct investments in private companies will therefore have an expected liquidity horizon that is

matched with the time needed to execute the investment hypothesis. This horizon or illiquidity duration is described and presented as a risk factor to the client at the outset of the presentation of the investment opportunity to the client. All illiquid investments in private equity funds, real estate funds or underlying private companies are done in accordance with the parameters set forth in the client's investment policy statement. With that said, certain types of equity investments, whether they are publicly traded or not, may offer the potential for long-term appreciation if such company's fundamental earnings outlook is considered positive. Accordingly, there may be circumstances where the Firm advises its clients to hold such an investment for indefinite periods of time.

- While there is not a public and liquid market for most private equity investments (whether they are private equity funds or direct investments in privately held companies) there often is a secondary market where there are other private buyers and sellers for such assets. Clients should be aware that exits via a secondary market is a process that requires direct negotiations with a counterparty or their agent. Such transactions on secondary markets can involve substantial discounts as well as legal and brokerage costs and in any such exit, the net value received by the client is to be considered relative to all other considerations about the future value potential of such investment.
- Access to the quality of opportunities: In addition, access to high-quality private investment opportunities may be limited and there is no assurance that such opportunities will be available in order to execute the private markets strategy for the client. Furthermore, private markets funds are typically subject to substantial fees including performance-oriented fees (carried interest), legal and third party expenses. The Firm evaluates all of the costs of such investments prior to any recommendation to a client as a risk factor in the proposed investment.
- *Valuation and Reporting Delays:* Third party private equity, real estate and investments in privately held direct companies, may involve delays in reporting the value of their investments – the quarter-end values are typically reported with a two to six months delay, with some funds publishing their valuations only on a semi-annual or annual basis.
- *Company Idiosyncratic Risks:* The Firm's recommended investments might include direct and indirect investments in various companies, ventures and businesses ("Portfolio Companies"). This may include Portfolio Companies in the early phases of development, which can be highly risky due to the lack of a significant operating history, experienced management, or a proven market for their products. The Firm's investment recommendations may also include Portfolio Companies that are in a state of distress or which have a poor record and which are undergoing restructuring or changes in management, and there can be no assurances that such restructuring or changes will be successful. The management of such Portfolio Companies may depend on one or two key individuals, and the loss of the services of any of such individuals could adversely affect the performance of such Portfolio Companies.
- *Direct Privately Held Investments:* When conducting due diligence on direct investment opportunities, the Firm may be required to rely on the limited information, or information prepared by third parties. There can be no assurance that due diligence investigations reveal

all relevant information or result in a direct investment's success. These risks add to company idiosyncratic risks outlined above.

- *Economic, Political and Legal Risks:* Investments recommended by the Firm may be based in several countries, including less developed countries which includes a variety of different legal jurisdictions and currency risks, exposing investors to a range of potential economic, political and legal risks. These may include declines in economic growth, inflation, currency revaluation, nationalization, expropriation, taxation, governmental restrictions, adverse regulation, and social or political instability.
- *Currency Risks:* Investments recommended by the Firm may be denominated in currencies which are different from the reporting currency of the client's portfolio. Any returns on, and the value of such investments could therefore be materially affected by exchange rate fluctuations, local exchange control, limited liquidity of the relevant foreign exchange markets, the convertibility of the currencies in question and / or other factors.
- *Leverage:* The use of leverage magnifies both the favorable and unfavorable effects on equity values of the Firm's investments. Many investments are likely to have highly leveraged capital structures, increasing their exposure to adverse economic factors such as rising interest rates, reduced cash flows, fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the company or its industry.
- *Risks Associated with Fixed Income Investments:* Clients may have an allocation to fixed income in their asset allocation and while an investment in fixed income is deemed to have lower risks than equity investments, this asset class does have its own specific types of risks including the risk of rising interest rates, credit risk, duration risk, illiquidity risk or geopolitical risk. Accordingly, even though fixed income assets are contractual obligations of the issuer of such instruments, there can be circumstances where the recoverable value from such investments may be below the original cost of such investment.
- *Tax Considerations:* Investment in the Firm's recommendations may involve complex income tax considerations that will differ for each investor. Given that the Firm does not provide tax-related professional advice, clients should consult with their own appropriate legal / tax professional regarding the suitability of an investment recommended by the Firm.
- *Identification of Investment Opportunities:* The success of the Firm depends on the availability and identification of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside of the Firm's control. There can be no assurance that the Firm will be able to identify enough attractive investment opportunities to meet the client's investment objectives or achieve a desired portfolio allocation.
- *Possible Lack of Diversification:* There can be no assurance as to the degree of diversification that will be achieved in the investments recommended by the Firm. Concentrated investment exposure in a client's portfolio could magnify the other risks described herein. The client may participate in a limited number of investments and, as a consequence, the aggregate return of the client's portfolio could be substantially adversely affected by the unfavorable performance of even a single investment.

- *Operational Risks:* The Firm's team responsible for investment operations has a lot of experience and operates efficiently using well-established procedures for the various aspects of the investment process. However, there remains the prospect of loss resulting from unexpected team member absence, and / or human error. While we operate using the "four-eye-principle", there can be no assurance that no mistakes will be made in the process. Such mistakes, omissions or delays could result in additional costs to the client.

Please note that for every new private equity investment opportunity, the Firm provides the client with a Due Diligence / recommendation Memorandum, which includes a section on risks associated with that particular investment as well as the Firm's assessment as to how such risks are mitigated.

The Firm can at any time provide the client with further explanations of the key risks associated with the strategies recommended or with the services rendered.

### Disciplinary Information

We have no reportable disciplinary actions.

### Other Financial Industry Activities and Affiliations

The Firm does not engage in any financial industry activities other than those provided to our clients and described in the section Advisory Business.

As noted above, the Firm is owned by Alpha Leonis Partners AG (ALP AG), a financial services firm located in Zurich, Switzerland. In addition, the Firm has entered into a service level agreement with ALP AG to provide certain investment advisory services to clients of the Firm. In addition to portfolio managers and analysts directly employed by the Firm, we utilize the resources and personnel of ALP AG.

Any arrangements with ALP AG are subject to various conditions designed to ensure compliance with U.S. laws and regulations and adequate SEC oversight when investment advisory services are provided to U.S. persons. These conditions require, among other things, that certain employees of ALP AG be subject to a Code of Ethics and comply with certain U.S. rules when providing services to ALP LLC.

(Please see below for a more detailed discussion of the Code of Ethics.)

Furthermore, the Firm is partially and indirectly owned by David Pinkerton, who is the Firm's CIO/CEO and partial shareholder of ALP AG. The Firm is also partially and indirectly owned by the Rising Tide Foundation ("RTF"), a shareholder as well as a client of ALP AG.

This creates an apparent conflict of interest as there may be a tendency to allocate more attractive limited investment opportunities to RTF, as opposed to clients of the Firm. In addition, because certain services are being provided to the Firm by ALP AG personnel, a similar conflict exists regarding the services provided by ALP AG and duty of loyalty owed by such personnel.

It is the express policy of the Firm to allocate investment opportunities in a fair and equitable manner, without regard to any affiliation. The Firm has procedures in place to monitor compliance

with this policy. Also, because of the service level agreement referenced above, the Firm has established a process for ensuring that services to the Firm by ALP AG personnel are provided in a fair and equitable manner as it relates to both the time devoted and loyalty to the Firm's clients.

## Code of Ethics

The Firm has established a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. The Code sets forth the ethical framework in which the Firm and its employees are required to operate and highlights the standards of business conduct. The Firm ensures that all personnel have read and adhere to the Firm's Code of Ethics. The Code outlines standards of business conduct, requiring that all of the Firm's supervised persons (broadly, any employee or principal) comply with relevant provisions of the U.S. federal securities laws and the fiduciary duties an investment advisor owes to its clients. The Firm has both a Personal Account Trading Policy, which governs the personal investment activities of the Firm's access persons, as well as policy and procedures to detect and deter insider trading. A copy of the Firm's Code of Ethics and other policies are available upon request.

Notable provisions of the Firm's Code of Ethics and other policies are summarized below.

- *Standard of Business Conduct, including Conflicts of Interest:* It is the responsibility of all the Firm's principals and employees to ensure that the Firm conducts its business in keeping with a high level of ethical standards and with its fiduciary obligations to each client. The Firm and its employees are expected to place the interests of a client first, and to refrain from engaging in outside activities that conflict with the interests of any client. In the event of a potential conflict, the Firm's policy is to promptly resolve any conflicts or potential conflicts that arise.
- *Privacy of Client Information:* Information relating to any client, including investment holdings and portfolio activities, is confidential.
- *Personal Securities Transactions:* The Firm's principals, employees and other supervised persons of the Firm are required to comply with the Firm's Personal Account Trading Policy. Because personal trading and other investment activities of the Firm's related persons may lead to potential conflicts of interest, the Firm has adopted policies and procedures specifically related to personal securities transactions and insider trading that are designed to identify, prevent or mitigate actual conflicts of interest and comply with all applicable laws.

As client portfolios are primarily composed of private placements and as required all transactions in private placements by Firm personnel require preclearance, no such transaction will be approved for Firm personnel unless all eligible clients for whom such private placements are suitable have received their appropriate allocation. Only then will the Firm personnel transactions be approved.

- *Conflicts of Interests:* The Firm has a duty to disclose potential and actual conflicts of interest to any client. Neither the Firm nor any of its principals or employees are permitted to use confidential information for the purpose of furthering any private interest.



- *Reporting of Violations:* Any actual or potential conflicts of interest, violations of law, or violations of the Firm's policies or procedures must be reported promptly to the Chief Compliance Officer ("CCO") or a principal of the Firm and may be made on a confidential or non-confidential basis, orally in person, by phone, in writing, hand delivered or sent by e-mail. The Firm will not take any action against a person who reports such violation or potential violation.

## Brokerage Practices

We may be asked to assist clients in their selection of a broker or custodian, however the selection will be theirs. This practice is known as "Client Directed Brokerage." Clients could pay more for trade execution than they would if they did not direct brokerage arrangements because of the Firm's inability to negotiate commission rates and evaluate the execution quality of such brokers. Factors that could be taken into account when assisting clients in such selection may include:

- *Ability to effect prompt and reliable executions at favorable prices;*
- *Operational efficiency with which transactions are effected, taking into consideration the size of order and difficulty of execution;*
- *Level of anonymity provided;*
- *Access to liquidity;*
- *Financial strength, integrity and stability of the broker;*
- *Quality, comprehensiveness and frequency of available research services considered of value; and*
- *Competitiveness of commission rates in comparison with other brokers meeting the Firm's selection criteria.*

The Firm does not receive any economic benefit in exchange for such assistance and the Firm does not have any "soft dollar" agreements with any custodians, brokers or with other third parties.

## Review of Accounts

### *Frequency of Review*

We review and report the client's accounts at least on a quarterly basis. Investments in liquid programs (comprising of mutual funds, managed accounts, equities- and fixed income ETF equities, bonds or hedge funds) are typically reviewed during market opening hours and reported on a monthly basis. The review involves several professionals from our organization both by the Firm and employees of its parent company, ALP AG.

### *Written Reports*

Our clients receive comprehensive written performance and exposure reports on a quarterly basis. These reports are typically delivered to the client around 75 days after each calendar quarter-end and they are discussed with the client in detail shortly thereafter. Additionally, for liquid investments, the Firm produces monthly written reports and provides them to the client within 25 days after month-end. Furthermore, the Firm supports its clients with data necessary for any specialized financial reporting purposes.

## **Client Referrals and Other Compensation**

The Firm does not receive any economic benefits from any third parties regarding investment advisory services provided to our clients.

The Firm may employ and keep on payroll a Business Development Sales Professional whose compensation is to be specifically related to obtaining clients for the Firm.

## **Custody**

We do not maintain custody of any client assets.

## **Investment Discretion**

The Firm can offer both advisory and discretionary investment services.

## **Voting Client Securities**

The Firm has a policy on proxy voting that clarifies who is responsible for voting proxies.

For investments with an investment manager that utilizes an institutional commingled vehicle, the Firm does not have the discretion to vote proxies and it relies on the investment manager to vote in the best interest of the fund and its investors. If the Firm should enter into arrangements in separate account structures, the investment management agreement will state that the Firm will not be responsible for voting proxies and the agreement will designate the investment manager as the party to whom that power is vested.

A copy of the Firm's written policy with respect to proxy voting is available upon request.

## **Financial Information**

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about their financial condition in case they require or solicit prepayment of fees for six months or more in advance. The Firm does not require or solicit prepayment of fees six months or more in advance, therefore it is not required to include a balance sheet for the most recent year. The Firm has no financial commitments that impair its ability to meet contractual and fiduciary commitments to any client. The Firm has not been a subject of any bankruptcy petition at any time during the last ten years.