

Part 2A of Form ADV: Firm Brochure  
**Item 1 Cover Page**

**Fractal Capital Management LLC**

226 Knollwood Drive  
Glastonbury, CT 06033

This Brochure provides information about the qualifications and business practices of Fractal Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at 617-840-6501 and/or [cao.fcm@gmail.com](mailto:cao.fcm@gmail.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Fractal Capital Management LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD No. is 315753.

Fractal Capital Management LLC’s registration as an investment adviser does not imply a certain level of skill or training.

March 18, 2022

## **Item 2 Material Changes**

This brochure dated March 18, 2022 is the annual update to the prior brochure dated September 24, 2021. There have been no material changes to this Brochure since its last update.

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

<b>ITEM 1 COVER PAGE .....</b>	<b>1</b>
<b>ITEM 2 MATERIAL CHANGES .....</b>	<b>2</b>
<b>ITEM 3 TABLE OF CONTENTS.....</b>	<b>3</b>
<b>ITEM 4 ADVISORY BUSINESS .....</b>	<b>4</b>
<b>ITEM 5 FEES AND COMPENSATION .....</b>	<b>5</b>
<b>ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>6</b>
<b>ITEM 7 TYPES OF CLIENTS .....</b>	<b>6</b>
<b>ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>7</b>
<b>ITEM 9 DISCIPLINARY INFORMATION.....</b>	<b>12</b>
<b>ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>12</b>
<b>ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>14</b>
<b>ITEM 12 BROKERAGE PRACTICES.....</b>	<b>15</b>
<b>ITEM 13 REVIEW OF ACCOUNTS .....</b>	<b>16</b>
<b>ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>17</b>
<b>ITEM 15 CUSTODY .....</b>	<b>17</b>
<b>ITEM 16 INVESTMENT DISCRETION.....</b>	<b>18</b>
<b>ITEM 17 VOTING CLIENT SECURITIES .....</b>	<b>18</b>
<b>ITEM 18 FINANCIAL INFORMATION.....</b>	<b>19</b>

## Item 4 Advisory Business

---

### FIRM DESCRIPTION

---

Fractal Capital Management LLC (hereinafter referred to as “**Fractal Capital**,” “**we**,” “**us**,” or “**our firm**”) is a Delaware limited liability company with its principal office located in Glastonbury, Connecticut. Fractal Capital is affiliated with Fractal Investments LLC which is an SEC registered investment advisor. As such, Fractal Capital is permitted to register with the SEC as a related advisor to Fractal Investments.

Fractal Capital manages private investment funds offered exclusively to sophisticated investors. The principal owners of Fractal Capital are Chun Cao and Michael Farrell.

As of December 31, 2021, our firm's regulatory assets under management totaled \$5,716,817. All assets are managed on a discretionary basis.

---

### INVESTMENT MANAGEMENT SERVICES

---

Fractal Capital provides investment management services to two private funds: Fractal Mountain Capital, LP (“**FMC**”) and Fractal Case Mountain Capital, LP (“**FCMC**”) (collectively referred to as the “**Funds**”), while Fractal Capital’s related affiliate, Fractal Investors LLC (“**Fractal Investors**” or the “**General Partner**”) serves as the Funds’ general partner. Limited partnership interests in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Act”). Interests in the Funds are privately offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements for private transactions within the U.S.

All discussion of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, and conflicts of interest faced by Fractal Capital in connection with the management of the Funds, are qualified in their entirety by reference to each of the Funds’ respective private placement memorandum, subscription documents, and other governing documents (the “Offering Documents”). In general, investors in the Fund are not permitted to impose restrictions or limitations.

For more information on our investment strategies, please refer to Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss of this Brochure. As previously stated, Fractal Capital provides advice and advisory services to various pooled investment vehicles. Fractal Capital does not provide advice or advisory services to the general public.

## Item 5 Fees and Compensation

---

### ADVISORY FEES

---

As compensation for investment advisory services rendered to the Fund, Fractal Capital charges an annualized management fee (the “**Management Fee**”) of 2% of each investors’ capital account balance. The Management fee is calculated and paid each calendar quarter in arrears based on the value of the net assets of the Fund as of the end of such quarter and prior to recording withdrawals as of the end of such quarter. Neither Fractal Capital nor any of its affiliates will be charged any Management Fees with respect to its interest in the Funds. Fractal Capital has the right to waive, reduce and/or modify the Management Fee for certain investors in the Funds in its sole discretion.

The Funds’ General Partner, Fractal Investors LLC which is an affiliate of Fractal Capital, is also entitled to receive an incentive allocation (the “**Incentive Allocation**”) that is 20% of the net profits subject to a loss carry-forward provision, also known as a “high watermark.” The Incentive Allocation takes into account both realized and unrealized gains and losses and is calculated based on returns across the full calendar year. All investors for which an Incentive Allocation is assessed must be qualified clients as described in Section 205 of the Investment Advisers Act of 1940. The Incentive Allocation is deducted from the investor’s capital account at the end of each calendar year. The General Partner may allocate a portion of its Incentive Allocation to one or more special limited partners as described in the partnership agreement. In addition, the General Partner may enter into negotiated side letter agreements with one or more investors that may alter, modify, or change the terms of the interest(s) held by the investor(s). The General Partner has the right to waive, reduce and/or modify the Incentive Allocation for certain investors in the Funds in its sole discretion.

For investors who invest in the Funds, fees are generally deducted directly from the investor’s capital account. Further details regarding Fractal Capital’s compensation can be found in the Offering Documents.

**Other Fees and Expenses.** Each Fund is responsible for direct expenses incurred in connection with or otherwise related to its operations and activities, including legal, audit, tax and accounting expenses, administrator fees and expenses, expenses associated with its investment portfolio such as brokerage commissions and other transaction costs when purchasing or selling securities, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, and custodial fees. For information on Fractal Capital’s brokerage practices, please refer to Item 12 - Brokerage Practices of this Brochure.

The above description is a summary of certain fees and expenses applicable to the Funds. A complete description of the fees to be paid to Fractal Capital and its affiliates by investors in connection with an investment in each Fund, as well as the expenses of each Fund, is available in the Offering Documents, which are made available to each eligible prospective investor before an investment in the Funds is made.

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

---

### **PERFORMANCE-BASED FEES**

---

Fractal Capital does not charge a performance-based fee to the Funds it manages. The General Partner, Fractal Investor LLC which is an affiliate of Fractal Capital, receives a performance allocation (also referred to as an “Incentive Allocation”).

Portfolio managers of Fractal Capital may manage the Funds for Fractal Capital and the asset-based-fee-only portfolios for Fractal Investments LLC at the same time. Certain fee arrangements create an incentive for our portfolio managers to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. The portfolio managers also have an economic incentive to favor the Funds for which the General Partner receives an Incentive Allocation over other accounts they manage, which may include incentives to provide more profitable trades to the Funds, give the Funds the best trade ideas. Fractal Capital seeks to guard against intentionally favoring one account over another by having an investment allocation policy and monitoring investment allocations and trading patterns. We also review the resources allocated toward the management of each account to mitigate the conflicts of interest. Fractal Capital’s policies and procedures are designed and implemented to ensure that all investment decisions are made in accordance with our fiduciary duties to our clients, and all clients are treated fairly and equally. However, Fractal Capital can make no assurance that such policies and procedures will eliminate such conflicts in all cases.

## **Item 7 Types of Clients**

---

### **TYPES OF CLIENTS**

---

Fractal Capital only offers investment advisory services to pooled investment vehicles. Client relationships may vary in scope and length of service. Investors in the Funds generally are required to complete and submit a subscription agreement binding them to the terms of a Fund’s Offering Documents. The Funds admit only sophisticated investors that are both “accredited investors,” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 (the “1933 Act”), and “qualified client” pursuant to Rule 205-3 under the Advisers Act.

---

### **ACCOUNT REQUIREMENTS**

---

The minimum initial capital contribution to the Funds is \$200,000, subject to the General Partner’s sole discretion to accept subscriptions for lesser amounts. The General Partner may, in its sole discretion, elect to temporarily or permanently suspend the offering of interests. The General Partner may, in its sole discretion, reject any subscription request for any reason or no reason.

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

---

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

---

Fractal Capital develops investment strategies based on either mathematical models or fundamental insights. Fractal Capital analyzes an enormous amount of financial data across various markets and asset classes to identify trading opportunities. The statistical analysis is used to identify pricing discrepancies, inefficiencies, and/or anomalies. In general, Fractal Capital uses fundamental, technical, and macroeconomic data to make speculative investment and trading decisions.

As previously disclosed, Fractal Capital provides advisory services to two private funds: Fractal Mountain Capital, LP (“FMC”) and Fractal Case Mountain Capital, LP (“FCMC”).

FMC employs primarily statistical and quantitative modeling and predictive analytics to identify and capture opportunities. FMC is focused on disciplined, process-driven trading and rigorous risk management. FMC trades in a proprietary trading style using multi-horizon trading signals. Trades are executed daily to take advantage of newly emerging potential profit opportunities. FMC takes both long and short positions in a broad range of investment instruments.

FCMC utilizes discretionary strategies based on fundamental research and quantitative analysis. These two types of analysis are combined in varying degrees to assist in the investment decision-making process. FCMC analyzes financial data and use investment insights to understand the fundamentals that are driving markets, sectors, industries, and companies. In most cases, FCMC expects to rely on the knowledge and judgment of certain employees of Fractal Capital to capture opportunistic investment ideas. FCMC will buy securities or other instruments that our firm believes to be undervalued and short securities or other instruments that our firm believes to be overvalued. FCMC could be concentrated in securities or asset classes that Fractal Capital believes offer an optimal opportunity for appreciation.

Fractal Capital trades securities-related and futures-related financial instruments. The Funds generally invest on a highly leveraged basis. Fractal Capital utilizes investment techniques such as option and derivative transactions, margin transactions, short sales, and futures and forward contracts, which can amplify losses as a result of use of leverage.

---

### **RISK OF LOSS**

---

There can be no assurance that the Funds will achieve their investment objectives or avoid substantial losses. Prospective investors should be aware that their investments in the Fund are speculative and volatile, involve a substantial degree of risk. There can be no assurance that Fractal Capital will successfully implement its risk management program. Each investor should be prepared to bear substantial losses, including the loss of the entire investment. The Funds are suitable only for investors who can tolerate significant risk. Investors are responsible for appropriately diversifying their assets to help guard against the risk of loss.

Fractal Capital does not represent, warrant, or imply that the services or methods of analysis used by Fractal Capital can or will predict future results or insulate the Funds from losses due to major market corrections, crashes, or economic events. Past performance is no indication of future performance. No guarantees can be offered that the Funds' goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Fractal Capital will provide a better return than other investment strategies.

Certain risk factors that may be applicable to an investment in a Fund are outlined below.

**Cash Management Risks:** Our firm may invest temporarily in money market funds or other similar types of investments, during which time a client may be prevented from achieving its investment objective.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Cybersecurity:** The increasing reliance on internet-based programs and applications to communicate, conduct transactions and store data creates increased security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems and access by unauthorized persons to sensitive transactional or personal information. Data taken in breaches may be used by criminals to commit identity theft, obtain loans or payments under false identities, and other crimes. Cybersecurity breaches at our firm or our service providers or counterparties may directly or indirectly affect clients, and could lead to theft, data corruption, interference with business operations, disruption of operational systems, interference with our firm's ability to provide services, direct financial loss or reputational damage, or violations of applicable laws related to data and privacy protection.

**Dependence on Key Personnel:** Our firm is a small investment manager, and we rely on certain key personnel who may become unable to fulfill certain duties.

**Derivatives:** Privately negotiated total return swaps and similar agreements based on the performance of equity securities expose the portfolios to increased risks, including counterparty default, premature termination, adverse changes in market conditions, the substantial cost of creating and maintaining transactions, limited liquidity, and a lack of market transparency.

**Equities Risk:** Equity securities can decline in value over short or extended periods as a result of changes in a company's financial condition and in overall market, economic and political conditions.

**Inflation Risk:** Rising inflation reduces the purchasing power of the underlying currency, which is the dollar for U.S. based investments. This also applies to foreign investments, which may be denominated in other currencies.



**Interest-Rate Risk:** Changes in interest rates may result in fluctuations in the prices of other investment vehicles. For example, when interest rates rise, fixed income securities prices fall.

**International Investing:** Our firm invests on behalf of our clients in securities of U.S. companies operating internationally, as well as international companies on both domestic and foreign exchanges. Businesses operating in other countries are subject to political and economic risks not present in the U.S., as well as currency risk. Stock markets outside of the U.S. may be more volatile. In some international markets, U.S. shareholders may not be able to exercise the same legal rights as foreign shareholders. There may be more limited access to information about international companies.

**Legal, Legislative and Taxation Risk:** Business legal and regulatory regimes around the world continue to evolve. Legislative and regulatory changes or court rulings may adversely impact the value of investments, or the securities' claim on the issuer's assets and finances, or adversely affect our ability to conduct activities and transactions on your behalf. In addition, such changes may require adjustments to our operations or those of issuers or our clients or may result in increased costs and burdens related to client accounts. As regulations continue to change, we cannot always predict the effects that any new or changed regulations will have on our ability to invest in different markets or instruments on behalf of our clients. In addition, the rules dealing with taxation are constantly under review, resulting in revisions of resolutions and revised interpretations of established concepts as well as changes in law. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of a client portfolio.

**Leverage Risk:** Our firm employs substantial leverage on behalf of the Funds. Leverage is the use of borrowed capital, through financial instruments or debt, to increase returns or finance assets. A strategy that utilizes short sales and derivatives will be leveraged due to the increased exposure to securities with limited or no initial cost and, therefore, provides substantial implicit leverage. Accordingly, relatively small price movements can result in immediate and substantial losses. The use of leverage creates special risks and may significantly increase a client's investment risk. For example, if the value of a client's portfolio fell below the margin or collateral level required by a prime broker or dealer, the prime broker or dealer would require additional margin deposits or collateral amounts. If such client were unable to satisfy such a margin or collateral call, the prime broker or dealer could liquidate the client's positions and cause the client to incur significant losses.

**Liquidity Risk:** Liquidity is the ability to convert an investment into cash. Investment assets are usually more liquid when established markets exist to trade those securities. In case of extreme market activity, it may not be possible to promptly liquidate certain assets. Also, sales of thinly traded securities could depress the market value of those securities and reduce the investments' profitability or increase its losses.

**Market Risk:** Security prices may decrease due in response to direct and indirect events and market conditions, usually caused by factors independent of the specific attributes of the investment security.

**Model Risks:** Models may be deficient in their design. Human and technological errors may occur in designing, writing, testing, and/or monitoring models and may be difficult to detect. No assurance can be given of the models' accuracy. Clients (and investors therein) should assume that model errors, including coding errors, are an inherent part of investing with a systematic investment manager such as our firm.

**Omission of Risks:** This Brochure does not provide a comprehensive list of every possible source of risk. Every potential outcome of an investment cannot be predicted, and it cannot disclose every potential risk factor for every investment to clients. The value of securities that our firm advises our clients to invest in may go up or down in response to factors not within our firm's control, including but not limited to the status of an individual company underlying a security, or the general economic climate. Clients may suffer losses for any reason or no discernible reason.

**Operational Risk:** Our firm is responsible for developing, implementing and operating appropriate systems and procedures, where required, to transmit all investment transactions and monitor risk on behalf of each client. Our firm will rely on its systems, procedures and other data processing systems to provide its services. Certain elements of our firm's operations are dependent upon systems operated by third parties. Our firm may not be in a position to verify the reliability of such third-party systems or data. Failure of or errors in such systems could result in mistakes or delays in the execution, confirmation or settlement of transactions for clients, or in transactions not being properly booked, evaluated or accounted for.

**Options:** Sellers of uncovered call options assume the risk of a theoretically unlimited increase in the market price of the underlying security while sellers of uncovered put options assume the risk of a decrease in the market price of the underlying security possibly to zero. Buyers of options risk losing their entire investment.

**Portfolio Turnover Risk:** Depending on the particular strategy, a limit on the rate of portfolio turnover may or may not be established. Portfolio securities may be sold without regard to the time they have been held. Our firm often invests on behalf of the Funds on the basis of short-term market considerations, and the inefficiencies which our firm seeks to profit can be short-lived. The turnover rate of the Funds' positions may be significant, potentially involving substantial brokerage commissions and transaction fees. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce investment gains, or create a loss for clients and may result in increased tax costs for clients depending on the tax provisions applicable to such clients. The after-tax impact of portfolio turnover is not considered when making investment decisions for a client.

**Public Health Crisis Risks:** A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent global outbreak of COVID-19, could have an adverse impact on global, national and local economies, which in turn could negatively impact our investments and strategies. Disruptions to commercial activity resulting from the imposition of quarantines, travel restrictions or other measures, or a failure of containment efforts, may adversely affect our investments in various ways, including but not limited to, decreased demand, supply chain delays, disruptions or staffing shortages. The outbreak of COVID-19 has contributed to, and may continue to contribute to, volatility in financial markets, including market liquidity and changes in interest

rates. A continued outbreak may have a material and adverse impact on our investment returns. The impact of a public health crisis such as the COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of our investments and strategies.

**Reinvestment Risk:** This is the risk that future gains may be reinvested at less favorable rates of return than currently available.

**Short Selling Risk:** Some of our strategies are market neutral and involve a significant amount of short selling. Short sales are a strategy of borrowing securities not currently owned to sell in the marketplace. A trader will then purchase the same types of securities in the marketplace at a later date to return to the lender of the securities before such securities are required by the lender. There is a theoretically unlimited risk of an increase in the market price of securities sold short. The risks of short selling are also increased by lenders' ability to "re-call" securities borrowed by our firm. Limitations or bans on short selling impede the ability to fully execute our firm's trading strategies.

**Short-Term Purchase Risk:** Certain investment strategies purchase securities with the intent to sell them within a relatively short period of time. Short-term purchasing is done in an attempt to take advantage of conditions that may soon result in a favorable price swing in the securities purchased. A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, the portfolio can be left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Strategy:** Our firm cannot guarantee that its recommendations will be implemented at all times and it may make investments not in keeping with the general description provided in this Brochure. There can be no guarantee that suitable investment opportunities will be available at all times.

**Systemic Risk:** Our firm relies on the stability of the overall financial system to implement its investment strategy. The security of client assets depends on the solvency of their chosen custodian. In the event of a disruption to the custodian's business or the overall functioning of securities markets, including any securities clearing houses, middleware providers or other system infrastructure providers, our firm may be unable to implement its investment services and clients may experience a significant or complete loss of their capital.

**Valuation Risks:** In valuing assets that lack a readily ascertainable market value, our firm or its agent may utilize dealer-supplied quotations or pricing models based on methodologies that are subject to error.

For a more comprehensive discussion of risks applicable to a fund, eligible investors should refer to the fund's offering memorandum.

## Item 9 Disciplinary Information

---

### REQUIRED DISCLOSURES

---

There is no reportable disciplinary information required for Fractal Capital or its management persons that is material to your evaluation of Fractal Capital, its business, or its management persons.

## Item 10 Other Financial Industry Activities and Affiliations

---

### OUTSIDE BUSINESS ACTIVITIES

---

Neither Fractal Capital nor any of its employees are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The General Partner, Fractal Investors LLC, and Fractal Capital are exempt from registration with the Commodity Futures Trading Commission (the “CFTC”) and are not registered with the CFTC as a Commodity Pool Operator (“CPO”) in respect of the Funds pursuant to an exemption under CFTC Rule 4.13(a)(3) (with regard to the General Partner) and as a Commodity Trading Advisor (“CTA”) (with regard to the Fractal Capital) pursuant to Rule 4.14(a)(10).

---

### AFFILIATED ENTITIES

---

Fractal Capital has relationships or arrangements with the following affiliated entities that may create a potential conflict of interest:

***Fractal Investments LLC.*** Fractal Investments LLC is an SEC-registered investment adviser firm sharing common control and ownership with our firm, which means that this relationship may create a material conflict of interest for our clients. Fractal Investments LLC offers discretionary portfolio management and investment services to separate accounts for institutional clients and separate accounts for private clients. Where appropriate, Fractal Investments may recommend to its clients that they invest in the Funds for which Fractal Capital acts as an investment adviser. Fractal Investments utilizes certain of Fractal Capital’s employees in connection with its own investment advisory activities. Fractal Investments and Fractal Capital also engage in technology and research sharing activities. Certain expense-sharing arrangements are made between the entities for the sharing activities. While there are benefits to the clients of such shared resources, the allocation of time of shared personnel and the priority of research projects may create conflicts of interest among clients and strategies. Our firm has put procedures in place to ensure that our firm’s management carries out its fiduciary duty to each client in an equitable manner.

**Fractal Investors LLC.** Fractal Investors LLC, the general partner of the Funds, is affiliated with our firm through common ownership. Accordingly, any compensation for serving as a general partner to the Funds is paid directly to Fractal Investors LLC. Fractal Capital Management LLC does not receive any portion of this compensation. Fractal Investors utilizes certain of Fractal Capital's employees in connection with its own activities. In addition, as agreed between the entities, Fractal Investors may reimburse Fractal Capital for certain expenses and Fractal Capital may reimburse Fractal Investors for certain expenses.

**Fractal Mountain Capital, LP (FMC).** FMC, a pooled investment vehicle, is affiliated with Fractal Capital Management LLC through common control by Chun Cao and Michael Farrell, who serve as managing members of the Fund's general partner, Fractal Investors LLC. As previously disclosed in Item 4 (Advisory Business) above, Fractal Capital Management LLC serves as the investment adviser to FMC. Because there is common control of our firm and FMC, there was no independent negotiation of our fees or other terms of the advisory agreement between FMC and our firm. Although this arrangement may create a conflict of interest to give preferential treatment to FMC, we manage this by strictly adhering to the investment strategy and investment allocation policy discussed in the Offering Documents.

**Fractal Case Mountain Capital, LP (FCMC).** FCMC, a pooled investment vehicle, is affiliated with Fractal Capital Management LLC through common control by Chun Cao and Michael Farrell, who serve as managing members of the Fund's general partner, Fractal Investors LLC. As previously disclosed in Item 4 (Advisory Business) above, Fractal Capital Management LLC serves as the investment adviser to FCMC. Because there is common control of our firm and FCMC, there was no independent negotiation of our fees or other terms of the advisory agreement between FCMC and our firm. Although this arrangement may create a conflict of interest to give preferential treatment to FCMC, we manage this by strictly adhering to the investment strategy and investment allocation policy discussed in the Offering Documents.

Our firm, its affiliates and their respective personnel will devote as much time to the activities of each client or account as they deem necessary and appropriate and the amount of time devoted to different clients and accounts may vary. Our firm seeks to identify and mitigate any conflict of interest presented by the relationships our firm has with its affiliates. But there can be no assurance that our firm will successfully eliminate or mitigate all of such conflicts in every case.

---

#### OTHER INVESTMENT ADVISERS

---

As noted above, Fractal Capital is affiliated with Fractal Investments LLC, an SEC-registered investment adviser firm.

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

---

### CODE OF ETHICS

---

Fractal Capital has adopted a Code of Ethics (the “*Code*”) to both set forth a standard of business conduct for our firm and all our associated persons and comply with Section 204A of the Advisers Act and Rule 204A-1 of the Advisers Act. The Code is rooted in the notion that Fractal Capital has a fiduciary duty to its clients to act in their best interests. The Code aims to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for our firm and our associated persons. Specifically, the Code addresses, among other things:

- confidentiality of client information and fiduciary obligations;
- compliance with applicable law and regulations;
- prohibition on market manipulation;
- prohibition on insider trading;
- prohibition on employees from taking personal advantage of opportunities belonging to clients;
- preclearance of personal trading and reporting obligations;
- restrictions on the giving or receiving of gifts and entertainment and reporting obligations;
- limitations on political contributions by certain employees and reporting obligations;
- reporting and approval requirements for certain outside business activities; and
- duty to report, and accountability for, violations of the Code.

The Chief Compliance Officer monitors compliance with these and all other aspects of the Code and related firm policies. Annually, we require all employees and other persons with sufficient access to relevant data as deemed by the Chief Compliance Officer (collectively, “*Access Persons*”) to certify that they have read, understand and will comply with the Code.

Clients and prospective clients may request a full copy of our firm’s Code by contacting our firm using the contact information on the cover page of the Brochure.

---

### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

---

Fractal Capital and/or Access Persons may invest in the same and/or different securities than those that are recommended to and/or purchased for our clients. In general, many of the securities in which Fractal Capital invests on behalf of its clients are highly liquid, such that any trading on behalf of Fractal Capital, its clients or its Access Persons would not generally be expected to have an effect on the markets for such securities. However, Fractal Capital has adopted procedures designed to ensure that the personal securities transactions, activities and interests of Fractal Capital and its Access Persons will not interfere with our ability to make investment decisions in the best interest of our clients.

Fractal Capital and/or its related persons invest directly in the Funds advised by Fractal Capital. The terms of investment available for Fractal Capital and its related persons, including economic and liquidity terms, may be more favorable than the terms applicable to the investors in a Fund.

---

## PERSONAL TRADING

---

Fractal Capital maintains and enforces written policies and procedures reasonably designed to prevent the misuse of trading information and material non-public information by our firm or any Access Persons of our firm with regards to their personal securities transactions. Personal trading activities are monitored to reasonably prevent conflicts of interest between our firm and our clients.

All employees of Fractal Capital are required to handle their personal securities transactions in such a manner as to avoid any actual or potential conflicts of interest or any abuse of position of trust and responsibility.

## Item 12 Brokerage Practices

---

### SELECTION OF BROKER-DEALERS

---

Fractal Capital seeks to effect securities transactions on behalf of the Funds in such a manner that the Funds' total costs in a given transaction are the most favorable to the investors under the circumstances ("the best execution"). We aim to select the brokers using our best judgment with respect to which broker is able to offer the best execution. Best execution is not necessarily achieved by using the broker with the lowest commission but rather selecting the broker that is able to provide the best qualitative execution for the Funds.

Fractal Capital considers a number of factors prior to using a particular broker-dealer, including but not limited to their familiarity with the securities to be sold or purchased, their execution skills, the borrowing terms or securities lending arrangements available from the broker, order-flow capabilities, their presentation of information regarding the market or instrument, their fairness in resolving disputes, their commission rates or other fee schedules, their level of net capital (financial strength) and excess SIPC and other insurance coverage. Fractal Capital has the authority to select broker-dealers to be used to effect trades for the Funds. Our firm is not required to solicit competitive bids or seek the lowest available commission or transaction costs.

---

### RESEARCH AND OTHER SOFT DOLLAR BENEFITS

---

Our investment professionals use research services provided by broker-dealers in their decision-making process. Research services include but are not limited to economic forecasts, investment strategy advice, statistical services, company and market data. Some of these services are paid for using "soft dollars." Soft dollars are essentially brokerage credits generated by trading activity with a broker-dealer. The commissions paid by a client with respect to transactions that generate soft dollars may be in excess of the amount that another broker-dealer may have charged for the same transaction. The credits or soft dollars can then be used to purchase services from the broker-dealer. The broker-dealer may provide these products or services directly or may purchase them from a third party for Fractal Capital.

An inherent conflict of interest exists with respect to the use of soft dollars because soft dollars can replace cash payments that Fractal Capital would otherwise pay. Thus, Fractal Capital is

incentivized to generate and use soft dollars rather than pay for such services directly. To manage the conflict of interest created by the usage of soft dollars, Fractal Capital has policies and procedures in place to ensure that it may only enter into transactions on behalf of clients that generate soft dollars if Fractal Capital employees determine in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. In addition, soft dollar arrangements are only entered into for services and products that qualify under the safe harbor provisions set forth in Section 28(e) of the Securities Exchange Act of 1934.

Products and services purchased through the use of soft dollars are used for the benefit of all Funds collectively, and a particular Fund may not benefit from services Fractal Capital purchased with the Fund's soft dollars. Fractal Capital's Chief Compliance Officer monitors and evaluates Fractal Capital's use of client commissions to purchase research and brokerage services.

---

## AGGREGATION AND ALLOCATION

---

Fractal Capital may aggregate orders for the purchase or sale of the same security from different funds if we believe that the purchase or sale of the same security is in the best interest of more than one fund. We will aggregate trades when we believe that it is consistent with our duty to seek best execution for the Funds. Factors that may influence whether or not to aggregate a trade include the timing of the model generated buy-sell signals and automation of a trading strategy.

When we allocate aggregated trades to client accounts, we will do so in accordance with our allocation policy, which seeks to treat each account fairly and equitably. In general, trades will be allocated on a pro rata basis. However, from time to time or in certain circumstances, pro rata treatment may not treat all accounts equitably. In such circumstances, our portfolio manager may seek an exception from the Chief Compliance Officer. Such instances will be rare and only approved to the extent that it is believed that all clients will be treated fairly and equitably under the exception and not otherwise.

To the extent possible, orders are pre-allocated prior to execution. However, there may be instances where pre-allocating certain trades may not be feasible or practicable given the unique nature of the respective market. In these instances, efforts will be made to ensure that such allocation will not unfairly discriminate against or advantage one account over another.

## Item 13 Review of Accounts

---

### ACCOUNT REVIEWS

---

Fractal Capital will perform daily reviews of positions, periodically conduct due diligence on the investments, review the status, financials, and progress of development of the investment and make portfolio adjustments based on a variety of systematic and subjective assessments. As deemed necessary, Fractal Capital will provide communications to investors about the status of the Fund.



---

## ACCOUNT REPORTS

---

The Funds have engaged a third-party administrator to prepare investor statements and calculate and determine the value of the Funds. Further, each of the Funds is subject to an annual audit by an independent public accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB). Investors will be provided with annual audited financial statements, periodic unaudited performance reports, account statements and, for U.S. Funds, all tax information relating to their investments in the Fund necessary for U.S. federal income tax purposes.

## Item 14 Client Referrals and Other Compensation

---

### CLIENT REFERRALS

---

Fractal Capital may enter into strategic third-party marketing agreements with selected firms in order to distribute Fractal Capital's pooled investment vehicles. These relationships will follow Fractal Capital's due diligence to ensure that the distribution agreement supports the strategic direction of Fractal Capital.

---

### OTHER COMPENSATION

---

Fractal Capital does not receive an economic benefit from anyone who is not a client in exchange for our provision of investment advice or other advisory services.

## Item 15 Custody

---

### CUSTODY OF CLIENT FUNDS AND SECURITIES

---

The funds and securities owned by the Funds are held by qualified custodians. Under Rule 206(4)-2 of the Investment Advisers Act, Fractal Capital is deemed to have custody of the securities in the Funds under the common control of Fractal Capital and the General Partner of the Funds. Fractal Capital complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception" by engaging an independent public accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board to conduct annual audits. All investors will be provided with the audited financial statements within 120 days of the end of the Fund's fiscal year.

## **Item 16 Investment Discretion**

---

### **DISCRETIONARY AUTHORITY**

---

Fractal Capital exercises discretion in managing the Funds' investments based on the Funds' investment objectives, policies, and strategies disclosed in the Offering Documents. In addition, Fractal Capital generally contractually assumes discretionary authority over the Funds' assets under investment management agreements entered into among Fractal Capital and the Funds.

## **Item 17 Voting Client Securities**

---

### **AUTHORITY TO VOTE CLIENT PROXIES**

---

Our firm has proxy voting authority over the assets held in the Funds. Our firm will vote in accordance with Proxy Voting Policy and Procedures that it has adopted.

FMC employs a high turnover strategy with large number of securities, relatively small size positions and short holding periods. It is unlikely that securities held on a particular record date would remain in the portfolio on the date of the vote. Given the quantitative nature of these trades, our firm will abstain from voting proxies for FMC as it has determined that voting any proxies under ordinary circumstances would not be in the best interest of the Fund as such voting would be impractical and divert resources in terms of the cost and time.

For securities in FCMC our firm will vote in a manner that is consistent with what it believes to be the best interests of the Fund. If a position is established through quantitative tools and classified as short term holdings, the quantitative nature of the position significantly reduces the importance and usefulness of the proxies our firm receives and votes on behalf of the Fund. In this case our firm believes that the cost of analyzing the proxy would exceed the expected benefit to the Fund and our firm will abstain from voting the proxy for FCMC. For the rest of the positions our firm will analyze the proxies case by case and vote in the best economic interests of the Fund. Where a material conflict of interest between our firm and FCMC is identified in connection with a particular proxy vote, our firm will vote in a manner determined to be in the best economic interests of the Fund or take some other appropriate action, which may include refraining from voting the applicable proxy.

Fund investors may not direct our firm's vote in a particular proxy solicitation.

Clients who would like to obtain a copy of our firm's proxy policies and procedures and/or a report summarizing how their securities would be voted may contact our firm at contact information provided on the cover of the Brochure.

## Item 18 Financial Information

---

### REQUIRED DISCLOSURES

---

Fractal Capital has no financial commitments that would impair our firm's ability to meet our contractual and fiduciary commitments to our clients and have not been the subject of a bankruptcy proceeding.