

## **ActusRayPartners Limited**

**March 2023**

This “Brochure” provides information about the qualifications and business practices of ACTUSRAYPARTNERS LIMITED (hereinafter “ARP”, “we”, “us”, “our” or the “Firm”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“CCO”), Calista MAK, by email at [calista.mak@actusraypartners.com](mailto:calista.mak@actusraypartners.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

ARP is a Registered Investment Adviser (“RIA”) with the SEC. Registration as an investment adviser does not imply that ARP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

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**Item 2: Material Changes**

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This Brochure is dated March 2023 and is the annual update of ARP's initial Form ADV Part 2A filed on March 2022 and a subsequent "other-than-annual" amendment in July 2022.

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## **Item 4: Advisory Business**

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### ***Our Firm***

ACTUSRAYPARTNERS LIMITED (hereinafter “ARP”, “we”, “us”, “our” or the “Firm”) is a private company limited by shares incorporated in Hong Kong. We are a Registered Investment Adviser (“RIA”) with the SEC and we are licensed by the Hong Kong Securities and Futures Commission (the “SFC”) to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities. ARP provides advisory services to private funds (pooled investment vehicles): ActusRayPartners European Alpha Master Fund (the “Master Fund”), and ActusRayPartners European Alpha Fund (the “Feeder Fund”) (collectively, the “Funds”). The Funds are incorporated in the Cayman Islands as exempted companies with limited liability. ARP serves as an investment adviser to the Funds. ARP also provides advisory services for separately managed accounts for which the Firm has been appointed as sub-advisor.

### ***Principal Owners***

The Firm is a limited liability company incorporated in Hong Kong in October 2019 and is directly owned by ActusRayPartners Holdings Limited, a Cayman Islands domiciled company. ActusRayPartners Holdings Limited is directly owned by Andrew Bernard ALEXANDER, Raymond Siu Wai CHAN and Patrick CHEUNG.

### ***Services Offered***

ARP provides investment advisory services to the Funds, based on specific investment objectives and strategies. The Funds’ offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may invest.

The performance of the Funds will be reported and fees will be calculated in US dollars (USD). Subscriptions and redemptions will be transacted in the appropriate currency for the particular series.

We do not currently participate in any Wrap Fee Programs.

## **Item 5: Fees and Compensation**

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### ***Advisory Fee***

With respect to the Funds managed by the Firm, the applicable fees, allocations and expenses are set out in the relevant Governing Documents. Prospective investors should refer to the Governing Documents of the relevant Fund for further information with respect to fees.

A brief summary of such fees is provided below. Investors should refer to the relevant Governing Documents for a complete understanding of how the Firm is compensated for its advisory services.

Generally, the Funds utilise an investment advisory fee based on a percentage of the market value of the assets managed by the Firm. Such fee is referred to as an asset-based fee. The Firm may also charge performance-based compensation together with, or in lieu of, an asset-based fee. Typically, performance-based compensation is calculated on the appreciation of the fund’s net assets or performance relative to a specified benchmark.

For additional information, please refer to Item 6: Performance-based Fees and Side by Side Management.

### ***Management Fee***

#### *Private Funds*

ARP is paid an investment management fee ("Management Fee") per month, based off the net asset value of the relevant shares of the Funds.

The Management Fee is up to 2% per annum of assets under management, depending on the participating share class of each Fund.

The Funds may issue different classes of participating shares and may permit certain shareholders to participate in the Funds on different terms.

### ***Payment of Fees***

The Management Fee will be payable from the Funds on the first business day of the month following the calendar month to which it relates, or such later date as specified by ARP.

### ***Other Types of Fees or Expenses***

#### *Private Funds*

In addition to the Management Fee mentioned above, and the Performance Fee mentioned below, the following fees are also applicable to each of the Funds: (i) Administration Fees; (ii) Audit Fees; (iii) Director Fees; (iv) Establishment Expenses; and (v) Operating Expenses.

#### *Administration Fees*

The administrator will receive a monthly fee from the Funds, including charges and expenses of the administrator or its affiliates for fund administration, transfer agency and middle-office services.

#### *Audit Fees*

The auditor will be paid an annual service fee at the rates that are agreed from time to time with the Fund on normal commercial terms.

#### *Director Fees*

The directors are entitled to remuneration as approved by the Fund on normal commercial terms. The directors may waive any or all such fees payable to them by the Fund. The Fund will purchase liability insurance for the directors at the Fund's expense.

#### *Establishment Expenses*

The master fund will pay expenses for the establishment of the master fund and the feeder fund.

The Fund's financial statements will be prepared in accordance with US GAAP which requires organisational and establishment costs to be expensed as incurred. For the purposes of

calculating the net asset value for subscription and redemption purposes, the directors of the Funds have decided to amortise such expenses over a period of sixty (60) months because the Funds believe that such treatment is more equitable than expensing the entire amount during the first year of operations, as is required by US GAAP. The directors may make necessary adjustments in the annual financial statements in order for the financial statements to be in compliance with US GAAP. If the Fund is dissolved within sixty (60) months of its respective commencement, any unamortised expenses will be recognised. If a Shareholder redeems a portion or all of their Shares prior to the end of the sixty (60) month period during which the Fund is amortising expenses, the Directors may, but are not required to, accelerate a proportionate share of the unamortised expenses based upon the amount being redeemed and reduce the redemption proceeds by the amount of such accelerated expenses.

### *Operating Expenses*

The Feeder Fund will be allocated its own and a pro rata share of the Master Fund's organisational expenses and investment, trading and operating expenses relating to the Feeder Fund and the Master Fund, including but not limited to, the following: (a) costs and expenses of all transactions carried out by the Fund or on its behalf; (b) charges and expenses of the administrator or its affiliates for fund administration, transfer agency and middle office services; (c) charges and expenses of legal advisers, auditors and other professional advisers; (d) charges and expenses of prime brokers, brokers' commissions, borrowing charges on securities sold short and intended to be sold short and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions; (e) all taxes, corporate fees, regulatory expenses and other expenses payable to governments, agencies or supervisory authorities and any related preparation, filing and registration costs; (f) directors' fees and expenses; (g) interest on borrowings, including borrowings from the prime brokers; (h) communication expenses with respect to investor services including periodic investor meetings and calls and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, offering documents and similar documents; (i) costs of insurance for the benefit of the directors; (j) specific research and investment consultancy expenses; (k) risk management related expenses including system costs; (l) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business but for the benefit of the Feeder Fund and/or the Master Fund; and (m) all other organisational and operating expenses of the Feeder Fund and/or the Master Fund that the Firm may agree with the Board of Directors.

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

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As stated in Item 5: Fees and Compensation, the Funds pay various types of fees to the Firm for its investment advisory services. The Funds typically charge asset-based fees, while certain Funds charge performance-based compensation together with, or in lieu of, asset-based fees. Generally, performance-based fees are calculated on the appreciation of a Fund's assets or performance, relative to a specific benchmark.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

## **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above, and the Funds are open to the following investors, depending on the terms of each PPM:

- U.S. Persons, who must be Accredited Investors, Qualified Purchasers and Qualified Eligible Persons.
- Non-U.S. Persons who must be a Qualified Eligible Person or equivalent Professional Investor in its respective jurisdiction.

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

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Set out below is a description of the primary investment strategies employed by the Funds managed by the Firm. This is a summary only. Full description of the relevant Fund's investment strategy is disclosed in the Governing Documents of the Fund. Prospective investors should carefully read all applicable informational materials and Governing Documents prior to investing in any Funds managed by the Firm.

### ***Investment Objective***

#### ***Fund***

The investment objective of the Fund is to achieve absolute returns by generating alpha primarily on investments in pan-European time zone listed equities and derivatives on such equities, as well as depository receipts, dual-listed equities and other instruments.

ARP will employ a discretionary probabilistic investment style to seek alpha, targeting lower risk than the targeted markets and an observed beta of near zero. ARP seeks to long or short equities and derivatives thereof (including, without limitation, options, futures, structured products and other derivatives instruments, but mainly focusing on delta-one derivatives) on such equities. The investment strategy aims to add value from both the quantitative base and discretionary adjustments.

### ***Risk Management***

The Firm intends to apply a risk management approach that it believes is appropriate for the Fund. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the risk control frameworks of the Fund will achieve their objectives.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with ARP.

*Private Funds*

In addition to the normal risks, prospective investors should consider the following risk factors. These risk factors may not be a complete list of all risk factors associated with an investment in the fund:

*Risks associated with management*

In addition to the other risks normally associated with investment management, the Firm has a limited operating history, and therefore there is no certainty that the investment team or strategies will be successful. The performance fee payable to the Firm may create an incentive for the Firm to make investments that are riskier and more speculative than would be the case in the absence of a performance fee. The decisions relating to the investment of the Fund have been delegated to the Firm, and therefore the trading expertise of the Fund is largely dependent on the continuation of the agreement with the Firm and the services and the skills of its employees, and the funds may be materially and negatively impacted in case of loss of the services of the Firm.

*Risks associated with the investment strategies of the Fund*

**Investment Strategies Implementation** – The Fund has broad investment strategies and the Firm has broad discretion when selecting, acquiring and disposing of investments. While the Board will periodically review the Firm's compliance with the investment strategies and guidelines of the Fund, they will not review or approve individual investment decisions. Therefore, it may be difficult or impossible to identify investments that are not consistent with the investment strategy and there is no guarantee that the Firm will be successful in implementing the investment strategies of the Fund.

**Leverage and Financing Risks** – The Fund may leverage their capital because the Firm believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge their securities in order to borrow additional funds for investment purposes and may also leverage its investment returns with options, short sales, swaps, forwards and other derivative instruments. While the leverage presents opportunities for increasing the total returns of the market funds, it has the effect of potentially increasing losses and as well. Accordingly, any event which adversely affects the value of an investment by the Fund will be magnified to the extent the Fund is leveraged and could result in a substantial loss to the Fund which is greater than if the Fund was not leveraged.

**Limited Diversification** - The Firm may select investments that potentially could be concentrated, for example, in a limited number or type of financial instruments, or in any one asset class, issuer, industry, sector, strategy, emerging market or geographic region. Such concentration of risk may expose the Fund to losses disproportionate to those incurred by the market in general if the areas in which the investments of the Fund are concentrated are disproportionately adversely affected by price movements. Also, the use of single Firm applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

**Speculative Nature of Certain Investments** – Certain investments by the Fund may be regarded as speculative in nature and involve increased levels of investment risk.

**Hedging Transactions** – The Fund may employ hedging strategies, including the use of options and other derivatives, interest rate instruments and arbitrage positions, in order to mitigate various risks, such as market and interest rate risks related to specific securities, issuers, sectors



or markets. However, neither the Fund or the Firm is obligated and will not attempt to hedge all market and or other risks inherent in the positions of the Fund.

**Futures and Commodities** - The trading of commodities and commodity interests (e.g., futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities.

**Derivatives** – The Fund may use derivative instruments (not limited to swaps). The use of these instruments presents various specific risks, including but not limited to:

- **Liquidity** – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which funds may conduct their transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.
- **Leverage** – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Fund and could cause the net asset value of the Fund to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments. Leverage increases the risk of loss.
- **Risk of inadequate control and monitoring of the use of derivatives** – Derivatives are highly specialized instruments that require investment techniques and risk analysis different from those associated with equities and bonds. The use of a derivative instrument requires an understanding only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Fund and the ability to forecast price, interest rate or currency rate movements correctly.

**Short Selling** – The Fund may engage in short selling of securities, upon the decision of the Firm. Short selling creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover a short position.

**Technical Analysis** – While the Fund incorporates both quantitative and discretionary research driven processes that analyses companies across their corporate capital structure, ARP may also utilize technical factors to analyse historical price trends/action and current market data of securities to predict future market movements. Such technical strategies are subject to the risk that unexpected fundamental or other factors may dominate the market during certain periods. Moreover, a common premise behind technical analysis is that past market trends are indicative of future price movements. The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments may adversely affect any investment gains that are made based upon technical analysis.

In addition to the risks described above, prospective investors should also refer to the private placement memorandums of each fund to assess legal, tax and regulatory risks, as well as all the risks related with counterparties and other risks.

## **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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### ***Code of Ethics***

ARP has adopted a "Code of Ethics" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Personal Trading Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees must obtain pre-approval from the Firm's CCO before: (i) engaging in any outside business activity; (ii) investing in private placements or Initial Public Offerings ("IPO"); (iii) trading in any securities or instruments other than government bonds, money market funds, mutual funds, securities where there does not exist a single name in the underlying securities with a weight greater than 15%, and other accounts that are within a wholly discretionary trading mandate managed by an independent third party of which a prior declaration was issued by the Employee stating that they will not have any role in the management of the investments within the account and that the investment manager will provide a monthly brokerage statement to the Firm.

Employees are permitted to maintain personal accounts for the purpose of trading in single name securities. Employees must disclose all personal accounts (including the accounts of connected persons) when they join the Firm and on a periodic basis thereafter. In addition, employees must provide, or arrange to have their broker provide, copies of their brokerage statements on a regular basis. New personal accounts are subject to written pre-approval from the Firm's CCO.

Employees are prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm's Restricted List.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

## **Item 12: Brokerage Practices**

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ARP is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

### ***Best Execution***

In selecting an appropriate broker-dealer to execute a client trade, we seek to obtain "Best Execution," meaning generally the execution of a securities transaction for a client in such a manner that a Client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### ***Soft Dollars***

The Firm may obtain products or services other than the execution of securities transactions from brokers in exchange for the direction of brokerage transactions of the Fund to the broker ("soft dollars"). The soft dollars may include products or services from brokers or other third parties (for example through commission sharing agreements) such as (without limitation) research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above soft dollars, and investment related publications.

It is the general policy of the Firm that any "soft dollars" obtained in connection with portfolio transactions for the Fund (to the extent relevant under the Securities Exchange Act) are intended to fall within the "safe harbour" of Section 28(e) of the Securities Exchange Act. The Firm will endeavour to comply with this policy at all times. Under Section 28(e) and to the extent possible and appropriate, research obtained with "soft dollars" generated by the Fund may be used by the Firm to service other investment funds, client accounts and proprietary accounts it may manage in the future.

The Firm intends generally to consider the amount and nature of research, execution and other services provided by brokers, as well as the extent to which such services are relied on, and attempt to allocate a portion of its brokerage credits on the basis of that consideration. The investment information received from brokers, however, may be used by the Firm and its affiliates in servicing other accounts and not all such information may be used by the Firm in

connection with the Fund. The Firm believes that such an allocation of brokerage business may help the Fund to obtain research and execution capabilities and provides other benefits to the Fund.

Where a product or service obtained with "soft dollars" provides both research and non-research assistance to the Fund, the Fund will make a reasonable allocation of the cost which may be paid for with "soft dollars".

"Soft dollars" may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

At least annually the Firm will provide the Fund with a statement describing its "soft dollar" practices in relation to the Fund, including a description of the goods and services received by the Firm.

### **Item 13: Review of Accounts**

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The Firm continuously monitors and analyzes the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

#### ***Account Reporting***

We perform various periodic reviews of the Funds. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 90 days of fiscal year end. We may also distribute unaudited net asset value statements, performance reports, and a quarterly investor letter to all Investors from time to time.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

### **Item 15: Custody**

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We do not maintain custody of the assets of our Clients or undertake any form of custody services. The assets of Clients are held and maintained by qualified custodians that also act as the Fund Administrator. Instructions to facilitate portfolio management trading, payment of fees, etc. are instructed through the Client's custodian.

The Fund Administrator for each Client generally provides access to the investors electronically that permits the investors to access the account status and annual statements directly to each investor. An audit is conducted annually by an independent accounting firm with copies of the audited accounts provided to each investor.

**Item 16: Investment Discretion**

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We will have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

**Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The Firm will act solely in the best interests of its Clients when exercising its proxy voting authority. The Firm determines whether and how to vote corporate actions and proxies on a case-by-case basis, and will:

- Attempt to consider all aspects of the vote that could affect the value of the issuer or that of the fund managed by the Firm.
- Vote in a manner that it believes is consistent with the Client’s stated objectives.
- Generally, vote in accordance with the recommendation of the issuing company’s management on routine and administrative matters, unless the Firm has a particular reason to vote to the contrary.

Clients may obtain a copy of our proxy voting policies and our proxy voting record upon request.

**Item 18: Financial Information**

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