

FORM ADV PART 2A

INFORMATIONAL

BROCHURE

**ASTEROZOA CAPITAL,
LLC**

www.asterozoacapital.com

March 29, 2023

This brochure provides information about the qualifications and business practices of Asterozoa Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (858) 692-8461. 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. Our registration does not imply a certain level of skill or training.

Additional information about Asterozoa Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. Following is a summary of material changes since our last update on March 10, 2022:

- **Item 4** – Revised to include Asterozoa Special Fund I, a pooled investment vehicle managed by the Firm.
- **Item 4** – Revised to include a description of advisory services offered to other investment advisers.
- **Item 4** – Revised to include a description of fees applicable to sub-advisory services.
- **Item 8** – Added language on cybersecurity risks related to investing.
- **Item 10** – Revised conflicts of interest language related to private funds.
- **Item 11** – Revised conflicts of interest language related to private funds.

A current version of our Brochure may be obtained free of charge by contacting Kevin Yin at 858-877-0248 or kevin@asterozoocapital.com.

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Item 4: Advisory Business

Asterozoa Capital, LLC ("Asterozoa", the "Adviser", or the "Firm") has been in business as a registered investment adviser since 2021. Joseph Hegener is the Firm's only principal owner.

Asterozoa is the adviser to pooled investment vehicles and offers sub-advisory services to an unaffiliated investment advisory firm.

Private Fund Services

Asterozoa acts as the investment manager for a pooled investment vehicles, Asterozoa Ventures, LP and Asterozoa Special Fund I (the "Funds"). The assets in the pooled vehicles are managed in accordance with their offering documents. Asterozoa has discretion with respect to the decisions it makes for the Funds, and also with respect to the selection of brokers, dealers, and other counterparties for such transactions and the amount of commissions or other compensation to be paid by the Funds. The Adviser provides investment advisory services to the Funds based on the investment objectives and strategies described in the Funds' Offering Documents.

Sub-Advisory/OCIO Services

Asterozoa provides discretionary sub-advisory services to investment advisers. Asterozoa actively implements and maintains investment management infrastructure for investment advisers in separately managed account format. Comprehensive outsourced CIO ("OCIO") and portfolio management services include risk analysis, portfolio optimization, manager due diligence, trading, operations, and reporting.

When providing such services, Asterozoa will enter into a separate, written sub-advisory/OCIO agreement with each investment adviser. Subject to Asterozoa's written approval, the client may be able to place a variety of restrictions on Asterozoa's discretionary investment activity, including restrictions on the term of investments, the types of securities permitted, the credit ratings allowed, and the liquidity of the account. Clients may change these restrictions upon written notice to Asterozoa and such changes are only effective once acknowledged in writing by Asterozoa.

Assets under Management

As of December 31, 2022, Asterozoa have \$482,808,599 of assets under management, all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

Private Fund Fees

Asterozoa receives a fee as described in the offering document of the Funds. The Funds are responsible for direct expenses incurred in connection with or otherwise related to its operations and activities, including expenses associated with its investment portfolio, including brokerage commissions and other transaction costs. Item 12 of this Brochure discusses how the Adviser selects brokers, and how the Adviser determines the reasonableness of their compensation.

The direct expenses incurred by the Funds varies depending on the nature of the operations and activities of the Funds and the Funds' respective Offering Documents describe them in detail.

Sub-Advisory/OCIO Fees

For its services as a sub-adviser and OCIO to investment advisers, Asterozoa charges a negotiable, asset-based fee as described in each client agreement. The fee arrangement is established directly with the client pursuant to the terms of the sub-advisory agreement and fees may be billed and payable in arrears or in advance on a quarterly basis as specified in the agreement.

Item 6: Performance-Based Fees

We receive an allocation from the Funds equal to a percentage of the positive difference between the net asset value of each investor's investment in the Funds and the "high water mark" attributable to such investment (the

“Performance Allocation”) as of each December 31. The Adviser also generally receives the Performance Allocation as of each date that the Funds makes a distribution or capital payout to an investor or the date that an investor withdraws capital or transfers an interest in the Funds. The Offering Documents applicable to the Funds describe in detail the specific terms governing the structure and calculation of the Performance Allocation and high water mark.

Item 7: Types of Clients

The Adviser provides investment advisory services to the Funds based on the particular investment objectives and strategies described in the applicable Funds’ Offering Documents. Investors in the Funds generally are required to complete and submit a subscription agreement binding them to the terms of a Funds’ Offering Documents. The Adviser also provides sub-advice to an unaffiliated investment adviser.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

POOLED INVESTMENT VEHICLE

The pooled investment vehicles will be managed according to the stated investment program in the Funds’ private placement memorandum. Individual partners in the Funds will not receive individual asset management within the Funds. For details regarding the investment program, clients should refer to their fund’s private placement memorandum.

Other Important Information about our Strategies and their Risks

The Advisor retains full discretion to add, subtract, or revise the factors utilized, the weightings and the processes applied to construct the portfolio, as well as discretion to determine the market capitalization of securities for purchase by the strategy.

Some strategies will invest in leveraged investments. The more the Funds invest in leveraged investments, the more the leverage will magnify any gains or losses on those investments.

IMPORTANT RISKS

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure, or laws impact the return on these investments.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment’s value will decline as the price of goods rises (inflation). The investment’s value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** “Short sales” are a way to implement a trade in a security the Adviser feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involves smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- **Concentration Risk.** A portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Cybersecurity Risk.** The computer systems, networks, and devices used by Asterozoa and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. Clients could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to

trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Item 9: Disciplinary Information

There are no disciplinary items to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-dealer

This item is not applicable.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principals of Asterozoa, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Private Funds

Asterozoa provides investment management services to the following private pooled investment vehicles (the "Funds"):

- Asterozoa Ventures, LP, a Delaware limited partnership
- Asterozoa Special Fund I, an Arizona limited company.

Asterozoa Management, LLC is the General Partner of Asterozoa Ventures, LP and Asterozoa Special Fund I. This creates a conflict of interest in that Asterozoa and its related persons have an incentive to recommend the Funds to clients in order to increase the amount of capital managed by Asterozoa and its related persons, generate management fees for Asterozoa and its related persons, and generate performance compensation for Asterozoa's related persons. Notwithstanding the foregoing, the Firm's Code of Ethics prohibits Asterozoa and its personnel from putting their interests ahead of the interests of clients. Additionally, the personal securities transactions of supervised persons are monitored for potential conflicts of interest with regard to the Funds.

D. Recommendations of other Advisers.

This item is not applicable, as Asterozoa does not recommend other advisers in exchange for a fee of any kind.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. As discussed in Item 10 above, Asterozoa Management, LLC is the General Partner of Asterozoa Ventures, LP and Asterozoa Special Fund I. This creates a conflict of interest in that Asterozoa and its related persons have an incentive to recommend the Funds to clients in order to increase the amount of capital managed by Asterozoa and its related persons, generate management fees for Asterozoa and its related persons, and generate performance compensation for Asterozoa's related persons. Notwithstanding the foregoing, the Firm's Code of Ethics prohibits Asterozoa and its personnel from putting their interests ahead of the interests of clients. Additionally, the personal securities transactions of supervised persons are monitored for potential conflicts of interest with regard to the Funds.

C. An employee of Asterozoa may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest

related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12: Brokerage Practices

A. Recommendation of Broker-Dealer

The Adviser has the discretion to select the broker-dealer and other financial intermediary used to effect transactions on behalf of the Funds, and may select or recommend the selection of broker-dealers and other financial intermediaries.

The Adviser has selected Interactive Brokers for the custodian of the Funds.

In selecting or recommending broker-dealers and other financial intermediaries to effect portfolio transactions, the Adviser may cause the Funds to enter into arrangements pursuant to which the Funds pay transaction costs in an amount greater than would be incurred if another broker-dealer or financial intermediary were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction cost.

The transactions executed by the Funds may be substantial, and would therefore involve substantial brokerage commissions, which would impact the performance of the Funds.

The Adviser manages two Funds, and therefore it does not aggregate trade orders.

Item 13: Review of Accounts

Portfolio managers typically perform intraday, daily, weekly, or monthly reviews of positions as they deem appropriate, or otherwise as they feel is needed. Portfolio managers may undertake reviews because of changes in market conditions; changes in security positions; or changes in the Advisers' strategy. Performance in connection with investment objectives, security positions, and other investment opportunities are among the matters that a portfolio manager might consider.

Item 14: Client Referrals and Other Compensation

Information required by this item is not applicable to the Adviser.

Item 15: Custody

The funds and securities owned by the Funds are held by qualified custodians. Fund investors receive annual financial statements audited by an independent public accounting firm for the Funds in which they have invested. Fund investors are urged to carefully review such statements.

Item 16: Investment Discretion

Asterozoa exercises discretion in managing the investments of each Fund, based on the Fund's particular investment objectives, policies, and strategies disclosed in its Offering Documents.

Item 17: Voting Client Securities

The Adviser has adopted written Proxy Voting Policies and Procedures. Below is a summary of those provisions:

When the Adviser votes proxies on behalf of a Fund, the Adviser will generally do so in the interest of maximizing value to a Fund (taking into consideration both the short and long term implications of the proposal). The Adviser may choose not to vote if doing so would be costly or impractical or the Adviser otherwise deems it unnecessary or unwarranted.

for any other reason. The Fund may obtain information about how the Adviser voted proxies for securities in their accounts or obtain a copy of the Adviser's written proxy voting policy by contacting Kevin Yin.

Item 18: Financial Information

Asterozoa is not required to deliver a balance sheet along with this brochure as the Firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.