

**Item 1 - Cover Page**

**DISCLOSURE BROCHURE FORM ADV PART 2A**

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March 31, 2023

This Brochure provides information about the qualifications and business practices of Pillar Capital Management Limited ("Pillar Capital" or the "Advisor"). If you have any questions about the contents of this Brochure, please contact us at [ir@pillar-capital.com](mailto:ir@pillar-capital.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Pillar Capital Management Limited is a registered investment advisor. Registration of an investment Advisor does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This Item 2 identifies and discusses the material changes to this Brochure since our last annual filing on March 16, 2022. Since that date:

We have amended Item 4 to indicate that Alleghany Corporation, an indirect owner of Pillar Capital Holdings Limited, was acquired by Berkshire Hathaway, Inc. effective October 19, 2022 and that Berkshire Hathaway, Inc. is now an indirect owner of Pillar Capital Holdings Limited.

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

Item 1 - Cover Page .....	i
Item 2 - Material Changes .....	ii
Item 3 - Table of Contents .....	ii
Item 4 - Advisory Business .....	1
Item 5 - Fees and Compensation .....	3
Item 6 - Performance-Based Fees and Side-By-Side Management.....	4
Item 7 - Types of Clients .....	4
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Item 9 - Disciplinary Information .....	8
Item 10 - Other Financial Industry Activities and Affiliations.....	9
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ....	10
Item 12 - Brokerage Practices .....	11
Item 13 - Review of Accounts .....	12
Item 14 - Client Referrals and Other Compensation .....	13
Item 15 – Custody .....	13
Item 16 - Investment Discretion .....	13
Item 17 - Voting Client Securities .....	14
Item 18 - Financial Information .....	14

## **Item 4 - Advisory Business**

Description of Pillar Capital. Pillar Capital Management Limited (the “Advisor”), a Bermuda exempted company, is an investment manager specializing in catastrophe risk investments for privately offered pooled investment vehicles.

The Advisor was formed in April 2008 (under a predecessor name) by Benfield Group. The Advisor is 100% owned by Pillar Capital Holdings Limited. Its ultimate principal owners are certain management persons of the Advisor and Transatlantic Holdings, Inc., a leading international (re)insurance company and an indirect subsidiary of Berkshire Hathaway, Inc.

Advisory Services Offered. The Advisor provides investment management services regarding catastrophe risk to its Clients, which are organized as privately offered pooled investment vehicles open for investment by qualified institutional and high net worth investors. The Advisor currently acts as the sponsor and investment manager of private investment funds (each a “Fund”, collectively the “Funds”). Each Fund is referred to as a “Client” or collectively as “Clients”.

Each Fund is open for investment only by qualified institutional or high net worth investors that meet the suitability requirements set forth in the applicable Fund’s subscription documents. The Funds conduct all trading activity pursuant to the investment strategies described generally below.

Funds may be organized and offered for private investors generally, and under certain circumstances may be customized for single investors or groups of investors as agreed with the Advisor.

The Funds pursue investment strategies that purchase or sell various types of securities and financial instruments, the return or performance of which are primarily linked to catastrophic events and other property insurance risk. Transactions are typically structured as securities in the form of notes, over-the-counter swaps, or other derivatives contracts. The Advisor expects that its advisory services will be limited to advice regarding the foregoing investment strategies and instruments, as generally described below, together “Insurance-Linked Securities”.

- Private collateralized reinsurance arrangements sourced in traditional property catastrophe reinsurance markets, including reinstatement premium protection reinsurance contracts and quota share contracts;
- Catastrophe bonds (principal-at-risk variable rate notes and other event-linked securities) being referred to collectively as “Cat Bonds”;
- Industry loss warranties (both indemnity-based and non-indemnity-based) reinsurance or derivative contracts triggered by industry-wide insurance losses (referred to collectively as “ILWs”);
- Shares of special purpose reinsurers and other securities or instruments the return on which is linked to the occurrence of a predetermined event.

The primary differences between the Funds relate to portfolio diversification, the nature and terms of the specific portfolio investments, the Advisor's fees, liquidity, and the investors' redemption or withdrawal rights. A Fund is normally organized into one or more classes of shares or interests, each with its own terms and conditions. For a complete description of a Fund's investment objectives and strategies, as well as a description of the material terms of an investment in a Fund (including the risks of an investment and associated conflicts of interest), please refer to the relevant Fund's Confidential Private Placement Memorandum (the "Memorandum").

The Funds themselves do not carry out insurance or reinsurance business. To facilitate its Clients' access to the traditional reinsurance market, Pillar Capital organized JC Re Ltd. ("JC Re"), a Bermuda exempted company limited by shares which is licensed as a Class 3 insurer under the Bermuda Insurance Act 1978 and is also registered as a segregated accounts company pursuant to the provisions of the Bermuda Segregated Accounts Companies Act, 2000. Pillar Capital is the manager of JC Re. The Advisor currently expects that all such reinsurance-related derivative transactions for its Clients generally will be entered into with JC Re as opposed to with a third party transformer. The primary purpose of using JC Re is to eliminate the "mark-up" that would otherwise be charged to Clients by a third party transformer on the derivative transaction.

Pillar Capital generally invests the collateral and unearned premiums of JC Re and the uninvested Client assets in cash, money market funds, and financial instruments rated "AA-" or better by Standard and Poor's or equivalent.

Tailored Services. An offering to invest in a Fund can be made only by means of such Fund's Memorandum. As the investment manager and sponsor of the Funds, Pillar Capital makes decisions on how each Fund should allocate its assets to certain investments; selects brokers, dealers, banks and other counterparties or intermediaries by or through whom portfolio transactions will be executed or carried out; monitors each Fund's investments; and makes all other necessary or appropriate recommendations to carry out its portfolio management duties. Each of the Advisor's Funds has different objectives and characteristics, with varying allocations to investment instruments, such as catastrophe bonds and other over-the-counter insurance-linked instruments. Pillar Capital does not tailor its advisory services to the individual needs of Investors, although the Advisor's services are tailored to meet the investment mandates of the Funds, as described in each Fund's Memorandum.

The Advisor has and may form and manage additional privately offered pooled investment vehicles in the future for other qualified investors on a limited basis, which may be organized in the form of single member limited liability entities. For purposes of this Brochure, all of the foregoing additional funds shall also be referred to interchangeably herein as a "Fund" or a "Client".

The Funds have entered into side letter agreements with certain Fund Investors. Such agreements could provide such Fund Investors with different notification rights, certain reporting obligations and special fee

**Pillar Capital Management Limited**

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arrangements, but not preferential liquidity terms, among others. The Funds generally enter into side letters only with Fund Investors who make substantial commitments of capital.

Wrap Fee Programs. Pillar Capital does not participate in any wrap fee programs.

Client Assets the Advisor Manages. Pillar Capital's Regulatory Assets Under Management as at December 31, 2022, were approximately \$3.166 billion.

## **Item 5 - Fees and Compensation**

The Advisor's Fees and Compensation. The Funds are charged an asset-based management fee ("management fees") and a performance-based incentive allocation or fee ("incentive allocations" and collectively with the management fees, the "advisory fees"), as explained below. Under certain circumstances, advisory fees are subject to negotiation in the Advisor's sole discretion.

The specific advisory fee rates and method of calculation and payment are set forth in the applicable Fund's Memorandum and other applicable governing documents.

Management Fee. The Advisor generally receives a monthly management fee from each Fund equal to a percentage of the Funds' net assets, as applicable, calculated as of the first day of each calendar month. The annual rates vary from 0% to 2% of net assets.

Incentive Allocation. The Advisor generally is entitled to receive an incentive allocation charged on a percentage of the appreciation in excess of a specified hurdle rate and if applicable, a high water mark, experienced with respect to each Investor's capital account for such year. The annual rates are up to 22.5%, depending on the Fund, Client or Investor involved. Investors should consult the applicable Memorandum and other applicable governing documents. Incentive allocations (except in the event of redemption on a date other than the Fund's year end) are generally paid annually, in accordance with the Fund's applicable governing documents.

Deductions. Advisory fees are charged as earned according to the general schedule described above, calculated by the Fund administrator and are ordinarily deducted from the assets of the Client account.

Expenses. The Advisor's advisory fees are exclusive of investment, administrative and operating expenses which shall be incurred by the Client account. Applicable expenses are described in more detail in the applicable Fund's Memorandum or other applicable governing documents. In general, standard reinsurance transaction expenses such as brokerage expenses of 5-10% or less of the premium for over-the-counter transactions, ceding commissions, fronting and ceded reinsurance expenses. Other expenses include: administrative expenses (e.g., administrative, legal, accounting, auditing and other expenses), registration, regulatory and self-regulatory fees, trustee and custodial fees, withholding or other taxes, and extraordinary expenses, if any. The foregoing expenses are exclusive of and in addition to the Advisor's

advisory fees and the Advisor does not receive any portion of the foregoing expenses.

Investors should refer to the relevant Fund Memorandum for a complete understanding of fees and expenses they may pay. The information contained herein is a summary only and is qualified in its entirety by such documents.

Advance Payment of Fees. Advisory fees are generally paid in arrears.

Sales Compensation. Neither the Advisor nor any of its supervised persons receive compensation for the sale of Fund interests or shares to Fund Investors, or for the sale of securities or other investment products.

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

As described above, the Advisor's fees typically include incentive allocations, which are based on a percentage of investment profits. In measuring Clients' assets for the calculation of incentive allocations, the Advisor includes realized and unrealized gains and losses. Incentive allocation arrangements may create an incentive for the Advisor to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying Clients over other Clients in the allocation of investment opportunities. The Advisor has procedures designed and implemented to ensure that all Clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among Clients. Please refer to item 5 - Fees and Compensation, above, for further information regarding fees.

## **Item 7 - Types of Clients**

The Advisor provides investment advice to Clients that are privately offered pooled investment vehicles open for investment by sophisticated institutional and high net worth investors, as described in this Brochure. Investors will be required to satisfy certain minimum regulatory suitability requirements and make the minimum investment (under certain circumstances subject to waiver by the Advisor), required for the particular Fund. Details concerning the applicable eligibility criteria for investors in the Funds are set forth in each Fund's Memorandum. See Item 4 - Advisory Services, above.

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

A. Methods of Analysis and Investment Strategies. The Advisor's strategy is to provide investors (through an investment in a Fund) with returns that have little to no correlation to traditional financial markets by offering products specializing in Insurance-Linked Securities including collateralized

reinsurance transactions through reinsurance swaps. The Advisor advises its Clients regarding the investment instruments in which the Clients will invest, and on what terms, pursuant to the investment objectives and strategies to be employed by the particular Client. In making this determination, the Advisor examines underwriting information relating to catastrophe events, including statistical databases and outputs from modeling software. The Advisor's goal is to identify, quantify and reasonably price the risks to be assumed. *There are no assurances that the Advisor will attain its investment objectives. Investors should be aware that investing in securities involves risk of loss that they should be prepared to bear.*

B. Risk of Loss. The purchase of shares or interests in a Fund involves a number of significant risks and other important factors relating to general business conditions and investments in pooled investment vehicles, generally, and relating to the structure and investment objectives of the Fund, in particular. An investment with the Advisor may be deemed a speculative investment and is not intended as a complete investment program. Accordingly, investors should carefully consider the following risks, among others, that are disclosed in more detail in the Memorandum:

Reliance on Advisor and its Personnel. The Advisor has complete discretion in investing its Clients' assets. A Client account's success depends, to a great extent, on the Advisor's ability to select investments and allocate assets. There can be no assurance that the Advisor will be successful. The death, disability or cessation of employment of personnel of Pillar Capital could have a material adverse effect on the investment performance of the Advisor's Clients.

Restricted Liquidity and Limited Transferability of Fund Interests. Investors are only able to redeem or withdraw their shares or interests in a Fund upon notice as set forth in the governing documents of the Fund, and subject to other limitations or conditions on the ability to receive redemption or withdrawal proceeds. There is no market for Fund shares or interests, and investors are not permitted to assign or transfer their Fund shares or interests, except with the Advisor's prior written consent, which may be withheld.

Special Investments. Pursuant to the terms of and as described in more detail in the Client's governing documents, the Advisor has the ability to declare one or more portfolio investments of a Client which is illiquid or incapable of ready valuation to be a "special investment" and as a result, issue a new class of shares in exchange for a portion of their shares to existing investors in respect of their participation in the special investment. Investors may not redeem or withdraw their shares or interests in a Fund to the extent of such Fund's interest in such special investments, and investors will be required to hold such special investment shares or interests indefinitely, until the underlying special investment is realized or capable of ready valuation.

Lack of Diversification. Depending on the investment objectives, strategies and guidelines of the particular Client account, the Advisor may establish fixed guidelines limiting the amount of Client assets that may be subject to the risks in a particular geographic region or peril and limiting the size of certain portfolio positions as a percentage of the Client account's net assets. However, such

guidelines may nevertheless allow a Client account to hold few relatively large (in relation to its assets) investments in a single geographic region, with the result that a loss in any such investment position or group of positions could have a material adverse effect on the Client account's investment performance. Although the Advisor seeks diversification on the basis of geographic region, type of catastrophic exposure, time and issuer, among other factors, the Client account will consist of a single asset class and cannot be considered a "diversified portfolio" in the traditional sense of such term.

Absence of Regulation. The Funds are privately offered pooled investment vehicles that do not have the regulatory protections afforded to U.S.-registered investment companies or other similar vehicles. The Funds' shares or interests are not registered for sale to the public in the United States or in any jurisdiction.

Conflicts of Interest. The Advisor is subject to various conflicts of interest in its relationship with the particular Client account and the Advisor's affiliates. The Advisor manages different Client accounts with similar or different investment objectives, strategies, guidelines or structures, which may compete with other Client accounts and present conflicts in the allocation of investment opportunities. Please also refer to Item 10, Item 11 and Item 12.

C. Specific Risks of Loss. There are various material risks that are attendant to the specific investment instruments utilized by the Advisor for its Client accounts of which investors should be aware. Certain of these risks are set out below. For a more complete statement of the risks related to the Funds' investments, please refer to the applicable Memorandum.

Risk of Loss Due to Catastrophic Events. Client accounts may invest in instruments, the investment returns of which are related to the occurrence of catastrophic or other events which traditionally are the subject of insurance. Such instruments, including Insurance-Linked Securities, may be subject to the risk of sudden, total loss or reduction of principal and/or interest due to relatively infrequent but severe losses resulting from the occurrence of one or more catastrophic or other events. A major catastrophe or series of catastrophic losses may occur from time to time. Accordingly, such instruments are speculative, and the Client account could lose all or part of the principal or interest, or an amount in excess of any premium collected, if any, with respect to such instruments upon the occurrence of a catastrophe or other event. These, as well as other factors, can cause sudden and severe price movements in Insurance-Linked Securities.

The Advisor believes that the greatest risk to its Clients' investments is a major hurricane, earthquake or similar catastrophe striking a heavily populated area mainly in the US, Europe or Japan or other region where the underlying portfolios have significant exposure or triggers.

Unpredictability of Risk. With respect to insurance-based securities, prospective investors should be aware that the type, frequency and severity of catastrophic events are difficult to predict. While the economics of such instruments may rely on the occurrence or non-occurrence of certain catastrophic or



other events, such events are difficult to predict or model, and thus the expected return on an investment with respect to such instruments is difficult to calculate. While the Advisor will make assessments regarding the expected investment return on insurance-based instruments, because of the unpredictability of the catastrophic or other events upon which investment return may be based, there can be no assurance that the investment return provided by such instruments will be adequate to compensate Clients for the risk borne thereby.

The Advisor may also (but is not obligated to) purchase protection against natural catastrophe events to capture relative value across investment types, for arbitrage purposes or for protecting the portfolio against large events. Should no large event covered by the purchases protection occur, the premium or costs associated with such purchase would be borne by the Client account and reduce the performance accordingly.

Derivative Instruments; Counterparty Default Risk. Client accounts will invest in various forms of over-the-counter derivative instruments (such as swaps, over-the-counter equity or other derivatives). Over-the-counter derivative instruments and securities are not traded on an exchange or subject to direct government regulation. Rather, these instruments are traded through an informal network of banks and other dealers, and in light of the unregulated nature of the agreements evidencing the transactions, can apply discretionary margin and credit requirements. Also, some instruments traded in the over-the counter market may have fewer market makers, wider spreads between their quoted bid and asked prices and lower trading volumes, resulting in comparatively greater price volatility and less liquidity than the securities of companies that have larger market capitalizations and/or that are traded on major stock exchanges or the market averages in general.

Lack of Liquidity in Markets and Instruments. The markets for many of the Clients' investments in Insurance-Linked Securities have limited liquidity and depth which could disadvantage Clients, both in the realization of the prices which are quoted and in the execution of orders at desired prices. With respect to insurance-based instruments, the transfer of many of such instruments may be limited by securities laws restrictions and other restrictions that may be set forth in the terms of the security. Many of such securities do not have an established market; therefore, resale of such securities may be difficult even in normal circumstances, and there may be no opportunities for unwinding of positions.

Credit Ratings. Credit ratings risk is inherent in certain of the insurance-linked instruments that will be part of the Clients' investment portfolios (e.g., catastrophe bonds and other Insurance-Linked Securities offered by special purpose entities). When possible, decisions to invest in these securities will take into account any credit ratings issued by major rating agencies, such as Moody's, or Standard & Poor's. Because not all of the instruments that will comprise a Client's portfolio are expected to be rated, the Advisor will be guided by its internal guidelines for acceptable ratings surrogates. However, the insurance-linked instruments in which the Clients invest need not have any particular rating of creditworthiness.

Risks Specifically Associated with Insurance-Linked Securities. Ownership of insurance-linked or catastrophe securities involves a degree of risk because of a number of characteristics which may be common to such securities, such as the following:

- The issuers of Insurance-Linked Securities often are thinly capitalized, and as such may not have the resources available to pay unanticipated expenses or liabilities on their issued securities.
- Issuers of insurance-linked or catastrophe securities hold investments, which may be subject to credit default risk, interest rate risk and other risks.
- Insurance-linked or catastrophe securities often are subordinated to other obligations of the issuer, and thus the issuer may be unable to pay the required interest and/or principal on its issued securities.
- Regulation could cause entities that issue insurance-linked or catastrophe securities to bear unanticipated expenses and not be able to satisfy those obligations. Investors may be accustomed to seeing issuers and insurance companies subject to a degree of oversight in the U.S. that is lesser in other jurisdictions.
- Investors may have difficulty making a claim or enforcing a judgment against the entity or its directors or officers in a different jurisdiction.

Modeling risk. The results of analysis based upon third party catastrophe risk modeling firms' models cannot be viewed as facts, projections, or forecasts of future catastrophic losses and cannot be relied upon as an indication of the future return on a Client's account. No model is, or could be, an exact representation of reality. Because no scientific consensus on models or risk parameters exists, there may be other credible, published models and/or risk parameters that are not relied on by the Advisor that may exist that, if used, could produce materially different results than those models and/or risk parameters relied on by the Advisor. The models relied on by the Advisor use various methodologies and assumptions, some of which are subject to uncertainty, and which might not be used in models provided by other modeling firms. Furthermore, there may be differences in the way in which these assumptions are considered by other firms. The Advisor's use of catastrophe modeling software and results is integral in the management of Client portfolios, including investment analysis, pricing, underwriting and risk management.

The foregoing is only a brief summary of certain risks relating to the Funds and their investments. Prospective investors are urged to review the applicable Fund's Memorandum and other governing documents for more detailed statement of the material risks, conflicts of interest and terms of investment in the Fund. There can be no guarantee that the Advisor's investment recommendations will be successful or that a Client's investment objectives will be achieved.

## **Item 9 - Disciplinary Information**

Neither Pillar Capital nor any of its officers, directors, employees or other management persons have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

## Item 10 - Other Financial Industry Activities and Affiliations

Broker-Dealer. Neither the Advisor nor any of its management persons is registered, nor has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor. Pillar Capital is exempted from registration with the U.S. Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator.

Relationships or Arrangements with Related Persons. The Advisor and its management persons have no relationships or arrangements that are material to the Advisor's advisory business or to its Clients with related persons, except as described below:

1. Investment Company or Other Pooled Investment Vehicle. As described more fully in Item 4 - Advisory Business, above, the Advisor organizes and sponsors the Funds, which are privately offered pooled investment vehicles, for which it serves as discretionary investment manager.
2. Insurance Company or Agent. Pillar Capital also acts as insurance manager to JC Re, as described in Item 4 above. All of the outstanding shares of JC Re are held by Pillar Capital Holdings Limited ("PCHL"), the sole shareholder of the Advisor.

Pillar Capital may also construct portfolios consisting of traditional reinsurance contracts and collateralized reinsurance arrangements sourced through JC Re which may involve opportunities which are the same as or similar to Client investments, which fall outside of the SEC's definition of investment advisory services. See Section 11 for Investments in Same Securities.

The Advisor will often cause its Client accounts to enter into swap or other over-the-counter derivative transactions with JC Re in order to access the traditional reinsurance market. Any fees charged by JC Re are netted against the management fees at the Fund level. Each Client account is charged a pro rata portion of JC Re's legal, modeling, regulatory, accounting, administrative and other expenses via the swap arrangement. In engaging in any such transactions, the Advisor will endeavor to treat its Client accounts on a fair and equitable basis, and will not knowingly disadvantage any Client account. A further description of these activities is described in the relevant Fund's Memorandum.

As described in Item 4, Transatlantic Holdings, Inc., a leading international (re)insurance company and an indirect subsidiary of Berkshire Hathaway, Inc. is an indirect owner of the Advisor. The Investment Manager may enter into one or more agreements with Transatlantic Holdings, Inc., or its subsidiaries or affiliates (collectively "THI"). These agreements may include, among other things, agreements for the provision of data analysis and risk analysis services. Other services may be

provided to the Advisor by TH1 or its related or affiliated entities as needed, on such terms as may be mutually agreed between the applicable parties, including industry research and specialist sector expertise. These services may be made available to the Investment Manager under transactions negotiated on an arm's length basis.

3. The Advisor is also permitted to provide book and record-keeping, administrative and/ or insurance management services to related and unrelated third parties.

The Advisor does not believe that the affiliated entities discussed above create a material conflict of interest with the Clients because all of the relationships are fully disclosed and the arrangements are entered into for the benefit of the Clients. The Investor should refer to each Fund's Memorandum for additional information.

Recommended or Selected Investment Advisors. Pillar Capital does not recommend or select other investment advisors for its Clients nor does it receive compensation directly or indirectly from such advisors that would create a material conflict of interest. Nor does Pillar Capital have other business relationships with such advisors that would create a material conflict of interest.

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

Description of Code of Ethics. Pillar Capital has adopted a Code of Ethics pursuant to the SEC's rules under the United States Investment Advisors Act of 1940, as amended (the "Advisors Act"), for all supervised persons of the Advisor. The Advisor has adopted a Code of Ethics and Conflicts of Interest Policy and Procedures which contains provisions designed to (i) prevent improper personal trading by employees; (ii) prevent improper use of material, non-public information about securities recommendations made by Pillar Capital or securities holdings of advisory Clients and (iii) identify conflicts of interest, including monitoring of pay-to-play issues that could arise due to political donations by Pillar Capital or its personnel. These policies and procedures are contained in the Pillar Capital Compliance Manual.

All supervised persons of the Advisor must acknowledge the terms of the Code of Ethics annually, or as amended.

Pillar Capital's current and prospective Clients and investors may request a copy of its Code of Ethics by contacting [ir@pillar-capital.com](mailto:ir@pillar-capital.com).

Material Financial Interest in Transactions. Neither Pillar Capital, nor its related persons, recommend to Clients, or buys or sells for client accounts, securities in which Pillar Capital or a related person has a material financial interest outside the shared interest in the Fund except as described below.

JC Re, a related person of the Advisor, performs a role in sourcing specific types of insurance linked securities, as discussed in Item 4.

Transatlantic Holdings, Inc. is an indirect owner of the Advisor. The Investment Manager may enter into one or more agreements with Transatlantic Holdings, Inc., or its subsidiaries or affiliates (collectively “THI”). The Clients of the Advisor may acquire Insurance Linked Instruments from THI or its affiliates, or become a party to Insurance Linked Instruments placed by a subsidiary or affiliate of THI. At this time, neither the Advisor nor any of the Funds are party to any such transaction.

The Advisor has disclosed these potential conflicts of interest in the Fund memoranda, and believes that these conflicts are well-managed. The Advisor’s relationship with JC Re is designed primarily for the benefit of the Funds. The Advisor is not currently a party to any transaction with THI as described above, but should the Advisor contemplate such a transaction it will be subject to the same standards of analysis and underwriting guidelines as a transaction with any other party.

Investments in Same Securities. Generally, neither Pillar Capital nor its related persons invest in the same securities (or related securities) that Pillar Capital or a related person recommends to Clients; provided that exceptions may from time to time occur, subject to compliance with Pillar Capital Compliance Manual. However, related persons of Pillar Capital do have investments in the Funds and may be charged reduced fees or no Advisory fee. The fact that such persons have financial ownership interests in the Funds creates a potential conflict in that it could cause Pillar Capital to make different investment decisions than if such parties did not have such financial ownership interests. In addition, potential conflicts relating to personal trading are addressed by the personal securities transaction policies set forth in Pillar Capital’s Code of Ethics.

Further, the Advisor may have to allocate limited investment opportunities among Clients which in certain circumstances could work to the detriment of a Client or group of Clients. In such an event, the Advisor would not be committed to allocating opportunities among its Clients in any particular proportion. However, in all cases, the Advisor will endeavor to treat all Clients fairly in the allocation of investment opportunities, taking into account among other things each Client’s investment objectives, strategies and guidelines. Where it is suitable for more than one Client account to participate in a particular investment, the Advisor has established trade allocation policies that will generally allocate the opportunity to each such account on a pro rata basis considering among other things available deployable capital, or another basis that is fair and non-preferential over time.

## **Item 12 - Brokerage Practices**

### Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

Research and Other Soft Dollar Benefits. As the investment manager to its Client accounts, the Advisor has the complete authority to determine what securities and investment instruments its Clients should buy or sell and what brokers or dealers the Client accounts should use, and on what terms. The majority of the investments made by the Client accounts are transactions in over-the-counter derivatives or other non-

exchange traded instruments entered into on a principal-to-principal basis. Such transactions are entered into with dealers, counterparties or issuers as principal opposite the Client account. To the extent the Advisor causes a client account to purchase or sell a security or other investment instrument through a broker on an agency basis, the Advisor has the discretion to consider the value of products, research or services provided to the Advisor by the broker consistent with the “safe harbor” for fiduciaries' use of “soft dollar” arrangements pursuant to Section 28(e) of the United States Securities Exchange Act of 1934, as amended, to the extent applicable. At this time, the Advisor does not have any “soft dollar” arrangements with its brokers and does not intend to enter into any such arrangements.

Brokerage for Client Referrals. In selecting or recommending broker-dealers, the Advisor does not consider as a factor whether or not the Advisor or its related persons will receive Client or investor referrals from a broker-dealer or third party.

Directed Brokerage. The Advisor does not utilize directed brokerage arrangements.

Data Analysis. JC Re may make use of a data analysis services provided by insurance brokers with whom JC Re transacts reinsurance business. The cost of the service would be an expense of the cells within JC Re and is divided according to the Advisor's trade allocation policy. This means that some or all of this cost would ultimately be borne by the Clients. Fees for data analysis services are variable and depends on several factors, including the volume of ceded reinsurance which JC Re transacts through insurance brokers. All deals are still evaluated according to the same methodology, without respect to whether they are sourced through insurance broker or elsewhere. Further, the service will be used to the benefit of the Clients, and no benefit will accrue to Pillar directly.

Aggregation of Trades. The Advisor has the discretion to bunch Client orders for the same securities or other investment instruments in one order where it is in the best interests of the Client accounts to do so. The Advisor generally will seek to do so where bunching in the particular instance is practicable, administratively efficient, and would reduce transaction costs. The Advisor will seek to allocate such executed transactions among the participating Client accounts on a basis that is fair and equitable to all Client accounts, taking into account any relevant factors, such as account size, or applicable investment objectives, guidelines or restrictions. The Advisor is under no duty to bunch orders, however, and in many instances it may not be practicable to do so, given the nature of the investment instruments that the Advisor trades for its Client accounts.

## **Item 13 - Review of Accounts**

A. Periodic Review. The investment team, under the direction of the CEO of Pillar Capital periodically review the performance of its Client accounts on an ad hoc basis as necessary in relation to investment decisions such as renewals. Pillar Capital then advises the Client accounts as to the amount of assets that should be allocated to various investment instruments pursuant to each Client account's investment objectives and strategies.

B. Triggered Review. The investment team, under the direction of the CEO of the Advisor engage in more frequent reviews of Client accounts on an as-needed basis as circumstances warrant, for example, periods of impending major storm activity or other unusual events.

C. Content and Frequency of Reports. Except as otherwise specified in the governing documents of the relevant Client account, each investor in a Fund receives (i) a monthly unaudited statement of the value of its investment in the Fund in which the investor is invested, (ii) a monthly review of the performance of such Fund in the form of a newsletter, and (iii) an annual audited financial statement of such Fund; and (iv) annual tax-related information regarding the investor's investment in the Fund (if applicable).

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

No one other than Clients of Pillar Capital provides an economic benefit to Pillar Capital for the provision of investment advice or other advisory services.

Pillar Capital sells some interests and /or shares in Funds through third party marketers and pay a portion of the Advisory fees in connection with such activities, including ongoing payments, at the Advisor's own expense. Any related placement fees are paid by the Advisor and not born by the investor or the Client.

### **Item 15 – Custody**

The Advisor does not directly hold Client funds or securities. However, as a result of Pillar's ability to control and liquidate assets within the Fund accounts, the Advisor is deemed to have custody of Client assets.

The Advisor maintains Client funds at a qualified custodian; however, as an advisor to a pooled investment vehicle (PIV) that meets certain requirements, the Advisor is exempted (under the Custody Rule) from the requirement to have the qualified custodian deliver account statements directly to our Clients. The Advisor will deliver to its Fund Investors audited financial statements prepared in accordance with generally accepted accounting principles of the applicable Fund within 120 days after the end of the Fund's fiscal year. Investors should review carefully the audited financial statements and other reports they receive from the Advisor or the Funds.

### **Item 16 - Investment Discretion**

The Advisor receives discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities and other investment instruments to be bought or sold, pursuant to the terms of the governing documents of the Client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives, strategies and guidelines for the particular Client account. When selecting securities and determining amounts, the Advisor observes the investment policies,



**Pillar Capital Management Limited**

**SEC File Number: 801-80008**

**CRD Number: 163930**

**Brochure Date: March 31, 2023**

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limitations and restrictions of the Clients for which it advises. Each Fund's investment objectives and guidelines are disclosed to the Fund's investor in the Fund's Memorandum or otherwise in writing.

### **Item 17 - Voting Client Securities**

Given the nature of the Advisor's investment activities on behalf of its Clients, it is not anticipated the Client accounts will hold voting securities, and the Advisor's policies and procedures reflect this circumstance. Pillar does not anticipate that its funds will own any securities which will require a proxy vote. As such, Pillar will not engage in any proxy voting.

For a copy of the Advisor's proxy voting policies and procedures, please contact [ir@pillar-capital.com](mailto:ir@pillar-capital.com).

### **Item 18 - Financial Information**

Pillar Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients.

Pillar Capital has not been the subject of any bankruptcy proceeding.

Pursuant to SEC rules, a balance sheet and other financial information is not required to be provided.