



**ITEM 1  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**MOERUS CAPITAL MANAGEMENT LLC**

March 30, 2023

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*This brochure (this “Brochure”) provides information about the qualifications and business practices of Moerus Capital Management LLC (“Moerus”, the “Firm”, or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (212) 461-4088. 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.*

*A copy of this Brochure and additional information about Moerus are also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

The Firm has updated this Brochure to reflect the following material changes, which have become effective since such initial filing:

None

For further information on the above-mentioned material changes, please see the corresponding items noted.

# **ITEM 3** **TABLE OF CONTENTS**

<b>ITEM 1 COVER PAGE .....</b>	<b>i</b>
<b>ITEM 2 MATERIAL CHANGES .....</b>	<b>i</b>
<b>ITEM 3 TABLE OF CONTENTS.....</b>	<b>ii</b>
<b>ITEM 4 ADVISORY BUSINESS .....</b>	<b>1</b>
A. General Description of Advisory Firm. ....	1
B. Description of Advisory Services. ....	1
C. Availability of Customized Services for Institutional Clients. ....	2
D. Wrap Fee Programs. ....	2
E. Assets Under Management. ....	2
<b>ITEM 5 FEES AND COMPENSATION .....</b>	<b>3</b>
A. Advisory Fees and Compensation. ....	3
B. Payment of Fees. ....	4
C. Additional Fees and Expenses. ....	5
D. Prepayment of Fees. ....	6
E. Additional Compensation and Conflicts of Interest. ....	6
<b>ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>7</b>
<b>ITEM 7 TYPES OF CLIENTS.....</b>	<b>8</b>
<b>ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>9</b>
A. Methods of Analysis and Investment Strategies.....	9
B. Material, Significant, or Unusual Risks Relating to Investment Strategies and Risks Associated with Particular Types of Securities.....	10
C. Investment Strategy and Investment Risks.....	10
<b>ITEM 9 DISCIPLINARY INFORMATION.....</b>	<b>20</b>
<b>ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>21</b>
A. Broker-Dealer Registration Status. ....	21
B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status. ....	21
C. Material Relationships or Arrangements with Industry Participants.....	21
D. Material Conflicts of Interest Relating to Other Investment Advisers. ....	22

<b>ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>23</b>
A.    Code of Ethics.....	23
B.    Securities in which Moerus or a Related Person has a Material Financial Interest. ....	23
C.    Investing in Securities that Moerus or a Related Person Recommends to Clients. ....	23
<b>ITEM 12 BROKERAGE PRACTICES.....</b>	<b>25</b>
A.    Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.....	25
B.    Trade Allocation and Aggregation Policies and Procedures. ....	27
<b>ITEM 13 REVIEW OF ACCOUNTS .....</b>	<b>29</b>
A.    Frequency and Nature of Review of Client Accounts .....	29
B.    Factors Prompting Review of Client Accounts Other than on a Periodic Review. ....	29
C.    Content and Frequency of Account Reports to Clients. ....	29
<b>ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>30</b>
A.    Economic Benefits for Providing Services to Clients. ....	30
B.    Compensation to Non-Supervised Persons for Client Referrals.....	30
<b>ITEM 15 CUSTODY .....</b>	<b>31</b>
<b>ITEM 16 INVESTMENT DISCRETION.....</b>	<b>32</b>
<b>ITEM 17 VOTING CLIENT SECURITIES .....</b>	<b>34</b>
<b>ITEM 18 FINANCIAL INFORMATION .....</b>	<b>35</b>

## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm.**

Moerus Capital Management LLC (“Moerus”, the “Adviser”, or the “Firm”), a Delaware limited liability company, was formed in February 2015. Moerus began operations in September 2015 and is located in New York City. Amit Wadhwaney, founding partner and Portfolio Manager, is the principal owner of the Adviser; Michael Campagna and John Mauro are both minority owners in the Adviser.

#### **B. Description of Advisory Services.**

##### **1. *Advisory Services.***

Moerus serves as the investment adviser, with discretionary trading authority, to the Moerus Global Value Fund Master (Cayman) Ltd and its respective feeder funds (together, the “Private Fund”). Subject to the terms described below, the Private Fund offers and sells its interests solely to accredited investors, qualified clients, qualified purchasers, and certain knowledgeable employees of Moerus and its affiliates. Moerus also provides discretionary investment management services to the Moerus Worldwide Value Fund, an investment company registered under the Investment Company Act of 1940 (hereafter referred to as the “Registered Fund”). Additionally, Moerus provides investment management services to separately managed accounts (hereafter referred to as the “SMA” or “SMAs”). Together, the Registered Fund, the Private Fund, and the SMAs will be referred to herein as Moerus’ “Clients” or “Client Accounts”.

##### **2. *Investment Strategies and Types of Investments.***

The Adviser’s investment advisory services generally aim to achieve long-term capital appreciation by investing with a preference for well-capitalized companies that are trading at what Moerus deems to be substantial discounts to their intrinsic value. While it is anticipated that the Adviser will invest primarily in stocks, bonds, foreign currencies, forward contracts, futures, and options, the Adviser has broad and flexible investment authority. These investments will be identified and selected by applying a fundamental, opportunistic, and bottom-up value investing methodology. This process will normally result in a portfolio of high conviction core positions.

The Adviser’s investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Adviser will be achieved or that investment results might not vary substantially on a monthly, quarterly, or annual basis. A more detailed description of the investment strategies pursued and types of investments made by Moerus is provided in Item 8 of this Brochure (“Methods of Analysis, Investment Strategies, and Risk of Loss”). Additional information regarding the fees, expenses, risks, and investment process for the Private Fund and Registered Fund can be found in the respective offering documents.

C. Availability of Customized Services.

Moerus' investment decisions and advice are subject to each Client's investment objectives and guidelines, as set forth in the confidential offering document, prospectus, investment advisory agreement, and/or other constituent documents, which may impose restrictions on investing in certain securities or types of securities. Investors in the Private Fund or Registered Fund are not permitted to restrict or otherwise control the investments of the respective fund.

D. Wrap Fee Programs.

Moerus does not participate in wrap fee programs.

E. Assets Under Management.

As of December 31, 2022, Moerus' total regulatory assets under management were approximately 814,333,265. All such assets were managed on a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Fees and Compensation.**

The advisory fees applicable to the Private Fund are set forth in detail in the Private Fund's confidential offering memorandum and/or constituent documents. A brief summary of such fees is provided below.

The Private Fund currently offers two classes of interests: Sub-Class A Shares and Sub-Class B Shares (collectively, the "Interests"). The Sub-Class A Shares and the Sub-Class B Shares are subject to different Management Fees (as defined below) and Incentive Allocations (as defined below).

The Private Fund pays a quarterly management fee calculated at an annual rate of 0.95% of each shareholder's capital account attributable to Sub-Class A Shares (the "Management Fee"). No Management Fee is charged to a shareholder's capital account attributable to Sub-Class B Shares. The Management Fee is paid quarterly in advance, based on the value of each shareholder's capital account, as of the first business day of each calendar quarter. The Management Fee will be adjusted for contributions and withdrawals made during the quarter.

At the end of each fiscal year, the general partner of the Private Fund (the "General Partner") will receive an annual Incentive Allocation equal to 20% of the net profits attributable to each Sub-Class B Share (including unrealized gains and losses), if any, subject to a loss carryforward provision (the "Incentive Allocation(s)"). No Incentive Allocation will be made with respect to the net profits attributable to Sub-Class A Shares.

The Adviser, in its sole discretion, may waive or reduce the Management Fee for shareholders in the Private Fund that are members, employees, or affiliates of the General Partner or the Adviser, relatives of such persons, and for certain large or strategic investors.

The Adviser may waive or modify the Incentive Allocation for shareholders in the Private Fund that are members, employees, or affiliates of the General Partner or the Adviser, relatives of such persons, and for certain large or strategic investors.

Shareholders and prospective shareholders should note that the Private Fund also pays certain expenses, which are further described in section C below.

Shareholders and prospective shareholders should refer to the Private Fund's confidential offering memorandum for more specific information concerning the fees and expenses associated with an investment in the Private Fund.

The advisory fees applicable to the Registered Fund are set forth in detail in the Fund's Prospectus. A brief summary of such fees is provided below.

The Registered Fund currently offers two classes of shares: Class N Shares and Institutional Class Shares (together, the “Share Classes”). The Registered Fund offers these two Share Classes so investors can choose the class that best suits their individual investment needs. The main differences between the Share Classes are ongoing fees, as further described below. In choosing which class of shares to purchase, investors should consider which will be most beneficial to them, given the amount of their purchase.

With respect to its investment advisory services provided to the Registered Fund, Moerus receives a Management Fee in the amount of 0.95%, annually, computed based upon the average daily net assets of the Class N Shares and Institutional Class Shares.

Investors and prospective investors should note that the Registered Fund also pays certain expenses, which are further described in section C below.

Investors and prospective investors should refer to the Registered Fund’s Prospectus for more specific information concerning the fees and expenses associated with an investment in the Registered Fund.

With respect to its investment advisory services provided to the SMAs, Moerus receives an advisory fee (“Advisory Fee(s)”) applicable to each SMA as set forth in detail in the investment management agreement (“IMA”) associated with each individual account. There are no standard Advisory Fees. The Advisory Fees charged to each account are negotiable and will typically vary depending on a number of factors, including, but not limited to: the type of client; the amount of client assets under management with Moerus; the investment term to which the client commits; the types of restrictions the client plans to impose on Moerus’ discretionary investment authority (e.g., restriction on the types and amounts of securities Moerus may acquire for the account); etc. The Advisory Fees are typically charged quarterly in arrears.

Certain SMAs also pay an incentive fee (“Incentive Fee(s)”) as set forth in detail in the IMA associated with each individual SMA. There are no standard Incentive Fees (and certain accounts do not have any Incentive Fee). The Incentive Fees charged to each account are negotiable and will typically vary depending on a number of factors, including, but not limited to: any advisory fees charged to the account; the type of client; the amount of client assets under management with Moerus; the investment term to which the client commits; the types of restrictions the client plans to impose on Moerus’ discretionary investment authority (e.g., restriction on the types and amounts of securities Moerus may acquire for the account); the presence of a benchmark hurdle rate; etc. The Incentive Fee, when applicable, is typically charged annually. Incentive fees for the SMAs are only applicable to accounts where the Client meets the “Qualified Client” provisions.

#### B. Payment of Fees.

Fees and compensation paid to Moerus or the General Partner by the Private Fund or the Registered Fund are generally deducted from the assets of such Client Account as discussed below:

- 1) Management Fees are generally deducted on a quarterly basis, for the Private Fund, and on a monthly basis, for the Registered Fund.
- 2) Incentive Allocations, where applicable for the Private Fund, are generally deducted on an annual basis.



Fees and compensation paid to Moerus by the SMAs are generally invoiced to each SMA by the Advisor as discussed below:

- 1) Management Fees are generally invoiced on a quarterly basis to each SMA Client.
- 2) Incentive Fees, where applicable to an individual SMA, are generally invoiced on an annual basis.

C. Additional Fees and Expenses.

The Adviser renders its services to its Clients at its own expense and will be responsible for its overhead expenses, including: office rent; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance; and payroll taxes.

With respect to the Private Fund, all other expenses are paid by such Private Fund and shall include: (i) Private Fund legal, compliance, administration expense, audit, and accounting expenses (including third party accounting services); (ii) organizational expenses (expenses under (i) and (ii) shall be referred to as “Capped Expenses”); (iii) risk management expenses; (iv) Private Fund-related insurance costs (including D&O and E&O insurance for the Adviser and the General Partner and outside Directorship coverage); (v) research fees and expenses; (vi) investment expenses such as commissions; (vii) interest on margin accounts and indebtedness; (viii) borrowing charges on securities sold short; (ix) custodial fees; (x) bank service fees; and (xi) any other expenses related to the purchase, sale, or transmittal of Private Fund assets, including brokerage and transaction costs (See Item 12, “Brokerage Practices”).

Notwithstanding the foregoing, certain expenses in excess of 45 basis points of the Private Fund’s net assets will be capped and borne by the Adviser. Under certain circumstances, the Adviser’s waivers and reimbursements made to cover these “capped expenses” may be recouped by the Adviser. For more information on such “capped expenses”, investors and prospective investors should refer to the Private Fund’s confidential offering memorandum.

With respect to the Registered Fund, investors will bear certain expenses, including: costs incurred in connection with the maintenance of securities law registration; printing and mailing of the reports to shareholders; certain financial accounting services; taxes or governmental fees; custodial, transfer, and shareholder servicing agent costs; expenses of outside counsel and independent accountants; preparation of shareholder reports; and expenses of trustee and shareholders meetings. Investors and prospective investors should refer to the Fund’s Prospectus for specific information concerning the fees and expenses associated with an investment in the Registered Fund.

Notwithstanding the foregoing, the Adviser has contractually agreed to reduce its fees and/or reimburse expenses of the Share Classes of the Registered Fund until at least March 31, 2024. Under this arrangement, the total annual fund operating expenses after fees waiver and/or reimbursement (exclusive of any front-end or contingent deferred loads, taxes, brokerage fees and commissions, borrowing costs (such as interest and dividend expense on securities sold short), acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including, for example, option and swap fees and

expenses), or extraordinary expenses such as litigation) will not exceed 1.65% and 1.40% of the average daily net assets of Class N and Institutional Class Shares, respectively until March 31, 2023. Beginning on April 1, 2023, the Adviser elected to lower this fee arrangement to 1.50% and 1.25% of the average daily net assets of Class N and Institutional Class Shares, respectively. Under certain circumstances, the Adviser's waivers and reimbursements made to cover these "capped expenses" may be recouped by the Adviser. For more information on such "capped expenses," investors and prospective investors should refer to the Registered Fund's Prospectus.

SMA clients may pay fees to other third-party service providers, such as custodian, administrator, brokerage and exchange fees, etc. as defined in the IMA and other constituent documents.

D. Prepayment of Fees.

The Private Fund pays Moerus the Management Fee quarterly in advance based on the value of the Sub-Class A shares. The Management Fee is pro-rated for any partial period and adjusted for deposits and withdrawals.

Certain SMAs pay Moerus the Advisory Fee quarterly in advance based on the net asset value of the account or a fixed dollar amount in accordance with the specific IMA.

E. Additional Compensation and Conflicts of Interest.

Neither Moerus nor its supervised persons (i.e., its officers, directors, or employees) accept compensation for the sale of securities or other investment products to the Clients.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, clients who subscribe to the Sub-Class B shares within the Private Fund and certain SMAs will be charged performance-based compensation, which constitutes an allocation of net profits (including unrealized gains). Performance-based compensation, where applicable, varies with respect to each Client, which may create an incentive to favor certain Clients that pay higher performance-based compensation in the allocation of investment opportunities. Performance-based compensation to be received by the Adviser and/or the General Partner of the Private Fund, as applicable, will be calculated on the basis of net profits, including unrealized gains that may never materialize. Such performance-based compensation is subject to a “high-water mark”. For further information, 1) shareholders and prospective shareholders in the Private Fund should refer to the Fund’s confidential offering memorandum, and 2) investors and prospective investors in the SMA product should refer to each account’s IMA.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Client Accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser will review investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts will also be regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser’s procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on target weights in each portfolio for the investment, exposure levels, tax consequences, and stage of capital deployment. The procedures require that, to the extent orders are aggregated, the Client orders are price-averaged. Finally, the Adviser’s procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts.

## **ITEM 7**

### **TYPES OF CLIENTS**

As referenced above, Moerus' Clients currently include the Private Fund, the Registered Fund, and SMAs.

Investors in the Private Fund may include funds of hedge funds, family offices, endowments, charitable foundations, pension plans, investment companies, sovereign entities, other institutional investors, trusts, and high net worth individuals. Investors in the Private Fund must meet certain suitability requirements as set forth in the Private Fund's confidential offering memorandum. Generally, the minimum initial capital contribution that an investor may make to the Private Fund is \$1,000,000, although the Adviser has waived this minimum in the past.

Investors in the Registered Fund include institutions and individuals. Generally, the minimum initial investment in the Registered Fund is \$2,500 in Class N shares and \$100,000 for Institutional Class shares for all account types. The Adviser has the right to waive the minimum initial investment and, under certain circumstances, has done so for the Institutional Class shares in the past. The minimum subsequent investment in either class is \$1,000. The Registered Fund also offers an Automatic Investment Plan (AIP) that automatically moves money from an investor's bank account and invests it in the Registered Fund through the use of electronic funds transfers or automatic bank drafts. Subsequent investments via the AIP are subject to a \$200 minimum and can be set up to automatically initiate transfers on specified days of each month.

Moerus provides investment management services to SMAs. Certain SMA Clients have imposed limitations or restrictions on Moerus' exercise of its discretionary authority. However, Moerus reserves the right not to enter into an investment advisory agreement with a prospective client, or to terminate an agreement with an existing client if the proposed limitation or restriction is believed by Moerus to be administratively or practically not feasible.

Moerus generally imposes minimum investment requirements of \$50,000,000 for institutional SMAs, but has agreed to waive such minimum requirements under certain circumstances in the past.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

#### **A. Methods of Analysis and Investment Strategies.**

The descriptions set forth in this Brochure of specific advisory services that Moerus offers to Clients, investment strategies pursued, and investments made by Moerus on behalf of its Clients, should be understood to not limit in any way Moerus' investment activities. Moerus may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that Moerus considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies Moerus pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objective of the Adviser will be achieved.

The Adviser utilizes a fundamental, bottom-up approach that seeks to purchase securities that are trading at large discounts to its conservative estimate of intrinsic value. The portfolio is unconstrained by geographic, industry, or index-related considerations, resulting in a portfolio that is built from the bottom up and is based on the absolute return opportunities currently available, regardless of whether these companies are contained within an index or not. The Adviser believes that the discipline of investing in securities trading at deep discounts to conservatively estimated net asset values, particularly with a focus on well-financed businesses, also provides investors with mitigated downside risk over the long-term.

The Adviser aims to implement its strategy in the following ways:

**Opportunistic Mandate.** The Adviser has significant flexibility in terms of where and how it can invest, including by geography or industry, as well as by equity security or debt instrument. The Adviser will tend to invest in less-followed holdings, such as mid-sized, smaller-capitalized, lesser known, or unpopular securities. The Adviser also has the ability to invest across the capital structure and in alternative asset classes (such as distressed debt) and special situations, allowing the Adviser to take advantage of opportunities that are unavailable to equity-only funds.

**Bottom-Up Portfolio Construction.** The Adviser is benchmark agnostic and will build portfolios completely from the bottom up, not based on the exposures of an index. Because of this, a portfolio's overlap with indices will tend to be very low and the portfolio's country and sector exposures tend to be very differentiated from the index and from competitors.

**A Preference for Well-Capitalized Companies.** The Adviser's investments will be predominantly focused on well-capitalized companies. The Adviser believes that companies with well-capitalized balance sheets have an enhanced ability to survive difficult periods and thrive over the long-term, providing Clients the opportunity to achieve higher valuations and the compounding of value over the long term. The Adviser seeks to avoid companies that have experienced, or are currently (in our view), at a heightened risk of experiencing permanent impairments of capital.

**Flexibility to Invest When Opportunities Are Most Compelling.** The Adviser may hold sizeable amounts of cash. The Adviser believes that holding cash at times when underlying valuations are elevated provides the Adviser with the ability to act quickly when market sentiment swings to the

other extreme and short-term market disruptions provide compelling opportunities from panicked sellers.

**Concentrated Portfolio.** Generally, accounts will have a concentrated portfolio (typically consisting of 15-50 core positions), which allows the Adviser to focus capital on the Adviser's highest conviction ideas and may result in the portfolio and performance differing significantly from most indices. The Adviser may become a large shareholder of a company where it sees significant upside and has the ability to engage with management teams in select situations.

**Long-Term Investment Horizon.** The Adviser is a patient, long-term investor. Moerus seeks to take advantage of significant stock price declines due to poor near-term business results, focusing instead on the long-term intrinsic value of the business and its underlying assets. The Adviser will not generally invest to take advantage of short-term earnings fluctuations, but rather will focus on investing in situations where there are significant value mismatches.

**B. Material, Significant, or Unusual Risks Relating to Investment Strategies and Risks Associated with Particular Types of Securities.**

Moerus' investment program is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the Advisers investment objectives will be achieved. In fact, certain investment practices described above can, in some circumstances, increase the risk profile of the Client's investment portfolios. The Client's activities could result in substantial losses (including the complete loss of all capital) under certain circumstances. The material risks presented by the strategies and financial assets pursued by Moerus are set forth below. Additional information is contained in the governing documents of each Client. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to Clients or to prospective investors in the Private Fund, Registered Fund or SMAs. These risk factors include only those risks that Moerus believes to be material, significant, or unusual, and relate to particular significant investment strategies or methods of analysis employed by Moerus.

**C. Investment Strategy and Investment Risks.**

***1. Nature of Investments.***

The Adviser has broad discretion in making investments for Clients. Investments will generally consist of equities, bonds, futures, forwards, currencies, and options, and other assets that may be affected by business, financial market, or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's activities and the value of its investments. In addition, the value of the account's portfolio may fluctuate as the general level of interest rates fluctuates.

## 2. *Equity-Related Instruments in General.*

The Adviser may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

## 3. *Currency Risks.*

The investments that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. From time to time, the Adviser may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The Adviser may also invest in currencies for speculative purposes.

## 4. *Inflation Risk.*

Inflation could affect the Advisory Clients' investments adversely in a number of ways. During periods of rising inflation, interest rates and dividend rates related to portfolio investments could increase, which would tend to reduce returns to the Advisory Client and any underlying investors. In addition, inflationary expectations or periods of rising inflation could also be accompanied by the rising price movement of equity and other investments in the Advisory Clients accounts. During periods of high inflation, capital could move to other asset classes, which could adversely affect the prices at which the Advisory Client will be able to sell its portfolio investments. The market value of such investments/holdings is also subject to decline in value in times of higher inflation rates. Therefore, it should be noted that inflation and rapid fluctuations in inflation rates have had in the past, and will likely in the future have, negative effects on U.S. and non-US economies and financial markets as a whole and not just on the Firm.

## 5. *Interest Rate Risk.*

An account may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

## 6. *Distressed Securities.*

The Adviser may invest in "distressed" securities, which are claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may at times include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, limited partnership interests and similar financial instruments, executory contracts, and options or participations therein not publicly traded. Distressed securities

may result in significant returns to an account, but also involve a substantial degree of risk. A Client Account may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the portfolio's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. Moreover, to the extent that a Client Account invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy, and other factors outside of the control of the Adviser. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

#### 7. *Debt Securities.*

The Adviser may take positions in debt securities which rank junior to other outstanding securities and obligations of the issuer, of which all or a significant portion may be secured on substantially all of that issuer's assets. The Adviser may take positions in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Adviser may invest in securities which are moral obligations of issuers or subject to appropriations. Client Accounts will therefore be subject to credit and liquidity risks.

#### 8. *Emerging Markets Risk.*

At different times, the Adviser has invested, and expects to continue to invest a significant portion of Clients assets in securities and instruments that are traded in developing, emerging, or frontier markets, or that provide exposure to such securities or markets. These investments can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments. For example, developing and emerging markets may be subject to (i) greater market volatility; (ii) lower trading volume and liquidity; (iii) greater social, political, and economic uncertainty; (iv) governmental controls on foreign investments and limitations on repatriation of invested capital; (v) lower disclosure, corporate governance, auditing, and financial reporting standards; (vi) fewer protections of property rights; (vii) restrictions on the transfer of securities or currency; and (viii) settlement and trading practices that differ from U.S. markets. Each of these factors may impact the ability of the Adviser to buy, sell, or otherwise transfer securities, adversely affect the trading market and price for securities it owns, and cause Client Accounts to decline in value.

#### 9. *China Risk.*



The Adviser may make significant investments in or related to China, and therefore the Adviser may be susceptible to adverse market, political, regulatory, and geographic events affecting China. The Chinese economy is generally considered an emerging market and can be significantly affected by economic and political conditions and policy in China and surrounding Asian countries. In addition, the Chinese economy is export-driven and highly reliant on trade. A downturn in the economies of China's primary trading partners could slow or eliminate the growth of the Chinese economy and adversely impact Clients' investments. The Chinese government strictly regulates the payment of foreign currency denominated obligations and sets monetary policy and may introduce new laws and regulations that have an adverse effect on a Client's portfolio. Although China has begun the process of privatizing certain sectors of its economy, privatized entities may lose money and/or be re-nationalized. Accordingly, these investments involve a risk of total loss. In the Chinese securities markets, a small number of issuers may represent a large portion of the entire market. The Chinese securities markets are characterized by relatively frequent trading halts and low trading volume, resulting in substantially less liquidity and greater price volatility. Additionally, the U.S.-China relationship continues to be volatile and uncertain. Tariffs, public market listing restrictions, and restrictions on "investability" of Chinese companies by U.S.-domiciled investors, including those Chinese companies designated by the U.S. Department of Defense as owned or controlled by the Chinese military, can materially impact the value of the underlying investments.

#### 10. *India-Related Investment Risks.*

The Adviser has invested and intends to continue to evaluate opportunities in India and in certain Indian companies. There can be no assurance that the Indian companies will achieve profitable operations. The performance of the Indian companies and the value of interests in the Indian companies may be adversely affected by numerous factors, including, for example, (i) business, economic, and political conditions throughout India and the world; (ii) the supply of and demand for the goods and services produced, provided, or sold by Indian companies; (iii) changes and advances in technology that may, among other things, render goods and services sold by the Indian companies obsolete; and (iv) actual and potential competition from other companies. Certain Indian companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or at all.

Accounting, financial, and other reporting standards in India are not equivalent to those in more developed countries. Differences may arise in areas such as valuation of properties and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent liabilities, and foreign exchange transactions. Accordingly, less information may be available to investors. SEBI, the principal regulator of the Indian securities market, received statutory authority in 1992 to oversee and supervise the Indian securities markets. Accordingly, the securities laws and regulations in India are continuously evolving, and the ability of SEBI to promulgate and enforce rules regulating market practices is uncertain.

India's political, social, and economic stability is commensurate with its developing status. Certain developments beyond the control of the Adviser, such as the possibility of political changes, government regulation, social instability, diplomatic disputes, or other similar developments, could adversely affect these investments.

India is a country comprised of diverse religious and ethnic groups. It is the world's most populous democracy, and it has a well-developed and stable political system. Ethnic issues and border disputes have, however, given rise to ongoing tension in the relations between India and Pakistan, particularly over the region of Kashmir. In addition, cross-border terrorism could weaken regional stability in South Asia, thereby hurting investor sentiment.

India derives a meaningful portion of its GDP from agriculture. As a result, severe monsoons or drought conditions could hurt India's agricultural production and dampen momentum in some sectors of the Indian economy, which could adversely affect performance.

#### 11. *Derivatives.*

To the extent that the Adviser invests in swaps, derivative, or synthetic instruments, repurchase agreements or other over-the-counter transactions, or, in certain circumstances, non-U.S. securities, the Adviser may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of Clients, and hence the Clients should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical, or time problems, associated with enforcing rights to Client assets in the case of an insolvency of any such party.

#### 12. *Options.*

The purchase or sale of an option involves the payment or receipt of a premium by the Client and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the Client Account is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

#### 13. *Use of Leverage.*

While the Adviser does not currently expect to utilize leverage, from time to time, and as noted above, the Adviser may utilize leverage within one or more of the Client Accounts. This may result in the Client controlling substantially more assets than the Client has equity. Leverage increases the Client's returns if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment

positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's Account, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for the Client. In such event, the Adviser could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for such positions.

#### 14. *Futures Contracts.*

The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Client's return or not cause the Client to sustain large losses. While the use of these instruments by the Client may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. The Client could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the Client will incur transaction costs, including trading commissions, in connection with its futures transactions, and these transactions could significantly increase the Client's investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Client may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Client to substantial losses.

#### 15. *Reliance on Mr. Amit Wadhwaney.*

The Funds rely heavily on the services of Amit Wadhwaney. Mr. Wadhwaney serves as the portfolio manager for the Funds and is primarily responsible for the Funds' investment decisions. Should Mr. Wadhwaney determine to discontinue managing the affairs of, or withdraw from, the Investment Manager, or should Mr. Wadhwaney die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Investment Manager, the business and results of the operations of the Funds may be adversely affected and an Investor's withdrawal terms may be altered.

#### 16. *U.S. Government Securities.*

The Adviser may invest the Clients in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities, or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal

components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Adviser may also invest the Clients in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero-coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero-coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

17. *Short Sales.*

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's Account. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

18. *Cyber Security Breaches and Identity Theft.*

The Adviser's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although the Adviser has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, the Adviser will take reasonable measures to fix or replace them, as necessary. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

The Adviser also extensively utilizes outside service providers to manage and store sensitive electronic data and communications. Each service provider is expected to do their own technology testing (including penetration testing where appropriate) and act upon any findings uncovered. The Adviser will periodically reach out to these service providers to request information on any discovered data breaches, as well as validation that their systems have been tested.

19. *Small- to Medium-Capitalization Companies.*

The Adviser has, on occasion, invested in, and intends to continue to evaluate opportunities to invest in, the stocks of companies with small- to medium-sized market capitalizations. While the Adviser believes these investments often provide significant potential for appreciation, investments in smaller-capitalization stocks may involve higher risks than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

## 20. *Hedging Transactions.*

The Adviser may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, futures, and forward contracts for both risk management and general investment and speculation purposes. With respect to the Adviser's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk than if they did not engage in any such hedging transactions. In addition, the Adviser may choose not to enter into hedging transactions with respect to some or all of their positions.

## 21. *Non-U.S. Securities.*

The Adviser has invested in, and intends to continue to evaluate opportunities to invest in, foreign securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options, futures, and options on futures on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. government or U.S. companies. These considerations include: changes in exchange rates and exchange control regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than is generally the case in the U.S.; higher transaction costs; foreign government restrictions; less government supervision of exchanges, brokers, and issuers; greater risks associated with counterparties and settlement; difficulty in enforcing contractual obligations; lack of uniform accounting; and auditing standards and greater price volatility.

## 22. *ESG Policy.*

The Adviser is not an ESG (Environmental, Social and Governance) manager and neither the Private Fund nor the Mutual Fund is managed as an ESG fund. The Adviser has the discretion to consider environmental, social, and governance risk factors when evaluating potential investments and the construction of portfolios. The Adviser has developed and implemented an ESG policy. Given the importance of ESG factors, especially their long-term impact, the Adviser endeavors to consider ESG factors in evaluating investment opportunities. It should be noted that this policy is a firmwide ESG Policy, and the policies of individual Separately Managed Account mandates may differ from account to account, depending on an individual Client's requirements, and will be documented in the IMA relating to the specific account when appropriate.

In formulating an ESG policy, the Adviser has endeavored to develop a policy that is thoughtful and proactive, not one that is formulaic or mechanistically exclusionary. This policy is intended to be a philosophy and framework for thinking about broader issues when making investment decisions, not a rigid set of rules or a formula for "investability" given the unique facts and elements of each specific situation.

## D. General Risks.

### 1. *Pandemic Outbreaks.*

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Adviser's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Adviser has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Adviser's business and/or the markets can be determined and addressed in advance. During the COVID-19 outbreak, Moerus' Business Continuity Plan allowed the Adviser's personnel to work remotely without interruption to investment management or client service and the Adviser has adopted a hybrid home-office work model subsequently. This incident response may not be representative of future incident condition.

## *2. Business Continuity.*

Various force majeure events, including acts of God, natural disasters such as fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt the Advisory Clients' business and operations, or the business and operations of any counterparty or service provider to the Advisory Clients, and the Advisory Clients may be adversely affected thereby. For example, if a significant number of the Firm's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), the Firm's ability to effectively conduct the Advisory Clients' business could be severely compromised. In addition, the cost to the Firm of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While the Firm has adopted certain policies and procedures designed to restore and/or continue its business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Advisory Clients may be adversely affected thereby.

## *3. Regulatory/Legislative Developments Risk.*

Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could adversely affect the value associated with such investment transactions or underlying securities. Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with market events and may take additional actions. Registered investment advisors may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.

## *4. Economic Conditions.*

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of an Advisory Client's account. Economic, political and financial conditions (including military conflicts and financial sanctions), or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where the Adviser's invests may result in adverse consequences to an Advisory Client's account. As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes.

#### *5. Bank Deposit Risk.*

Deposits maintained at an FDIC-insured bank are insured up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash per account at a single bank may be unrecoverable in the event the bank fails. In March 2023, developments in the banking sector have caused uncertainty and fear of instability in the global financial system. In addition, some banks acting as qualified custodians, smaller regional banks in particular, have been subject to concerns that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts and have also experienced volatile stock prices and significant losses in their equity value. Such circumstances could impact the operations those custodians and potentially to lead to their insolvency, bankruptcy or other events that could subject the Clients' assets to a risk of loss. Due to these concerns, there is a higher risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. However, diversifying banking relationships could serve to mitigate the potential loss of assets and available liquidity.

None of these conditions is or will be within the control of the Adviser, and no assurances can be given that the Adviser will anticipate these developments.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Moerus' advisory business or the integrity of Moerus' management.



**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Broker-Dealer Registration Status.**

Moerus is not registered, nor does it have an application pending to register, with the SEC as a broker-dealer.

Moerus has engaged Foreside Fund Services LLC (“Foreside”) as the distributor for the Registered Fund. Foreside is an SEC registered broker-dealer. Sales professionals that distribute the Registered Fund, and their immediate supervisors, who are employed by Moerus, are also independent contractors with Foreside. These independent contractors with Foreside will be registered with the SEC as Registered Representatives (Series 7 or equivalent) and/or Supervisory Principals (Series 24 or equivalent). The Adviser’s main office location is deemed to be a Foreside Office of Supervisory Jurisdiction (“OSJ”).

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.**

Moerus and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities.

Moerus Capital LLC, the General Partner of the Private Fund, has filed a claim of exemption from registration as a commodity pool operator (“CPO”) with the United States Commodity Futures Trading Commission (“CFTC”) in connection with the Private Fund.

Moerus Capital Management LLC, the Advisor to the Mutual Fund, has filed a claim of exemption from registration as a CPO with the CFTC in connection with the Mutual Fund.

**C. Material Relationships or Arrangements with Industry Participants.**

Moerus serves as the investment manager of the Private Fund. Moerus has material business relationships with the General Partner of the Private Fund.

The Private Fund has engaged U.S. Bank to provide custodial services and Ultimus Leverpoint Private Fund Solutions LLC to provide administration services to the Fund.

Moerus serves as the investment manager of the Registered Fund. Moerus has engaged Foreside to provide distribution services to the Adviser and the Registered Fund.

The Registered Fund has engaged Bank of New York Mellon as custodian and Ultimus Fund Services LLC as administrator. Additionally, the Registered Fund is a series of the Northern Lights Fund Trust IV.

Moerus serves as the investment manager for several SMAs.

Each SMA has engaged a qualified custodian and may engage an administrator. Bank of New York Mellon, BNP, JP Morgan, Northern Trust, and State Street Bank act as the custodian for one or more of the SMAs. azValor Asset Management and IFS act as the administrator for one or more of the SMAs.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

Moerus does not recommend or select other investment advisers for its Clients.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS,  
AND PERSONAL TRADING**

A. Code of Ethics.

Moerus has implemented and maintains a formal Code of Ethics (the “Code”) that incorporates principles that all employees are obligated to uphold. These principles are designed not only to help Moerus fulfill its fiduciary obligations, but also to instill in employees Moerus’ commitment to honesty, integrity, and professionalism. The Code incorporates the following general principles, among others, that all employees are expected to uphold:

- 1) Employees must, at all times, place the interests of Clients first.
- 2) Employees must conduct all personal securities transactions in a manner consistent with the Code and seek to avoid both conflicts of interest and the appearance of any conflicts of interest.
- 3) Employees may not take inappropriate advantage of their positions.

The Code includes, among other things, provisions relating to personal securities trading, outside business activities, the acceptance of significant gifts, reporting of certain gifts and business entertainment items, and political and charitable contributions. All Moerus employees must acknowledge annually that they understand and agree to the terms of the Code.

The Code is distributed to each employee at the time of hire. The Code is supplemented with training materials upon hire of a new employee and periodically thereafter. Access Persons must provide Moerus with securities holdings reports upon commencement of employment and thereafter provide quarterly transactions reports and annual certifications of compliance with the Code on an annual basis.

Access Persons may not serve on the boards of for-profit enterprises without Moerus’ prior approval.

Clients and prospective Clients may obtain a copy of the Code by addressing a request to Moerus’ Chief Compliance Officer, 307 West 38<sup>th</sup> Street, Suite 2003, New York, New York 10018.

B. Securities in which Moerus or a Related Person has a Material Financial Interest.

Neither Moerus nor any of its Related Persons recommends to Advisory Clients, or buys or sells for Advisory Client Accounts, securities in which Moerus or any of its Related Persons has a material financial interest.

C. Investing in Securities that Moerus or a Related Person Recommends to Clients.

Moerus, its affiliates, and its employees may give advice or take action for their own accounts that may differ from, conflict with, or be averse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by

or potentially considered for one or more Clients. Potential conflicts also may arise because Moerus and its personnel may have investments in the Private Fund and/or the Registered Fund.

Moerus has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Clients.

## ITEM 12 BROKERAGE PRACTICES

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

The securities transactions of the Clients can be expected to generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which will be paid by the Clients. Moerus has discretion in deciding what brokers and dealers (collectively broker-dealers) the Clients will use and in negotiating the rates of compensation the Clients will pay. Moerus selects brokers-dealers on the basis of best execution and in consideration of relevant factors, including, but not limited to: price quotes; the size of the transaction and ability to find liquidity; the broker-dealer's promptness of execution; confidentiality considerations; the nature of the market for the financial instrument; the timing of the transaction; difficulty of execution; the broker-dealer's expertise in the specific financial instrument or sector in which the Adviser seeks to trade on the Client's behalf; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to such markets; the broker-dealer's skill in positioning the financial instruments involved; the broker-dealer's financial stability; the broker-dealer's reputation for diligence, fairness, and integrity; quality of service rendered by the broker-dealer in other transactions for Moerus; the quality and usefulness of research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer's willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors deemed appropriate by Moerus. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Accordingly, if Moerus concludes that the commissions charged by a broker, or the spreads applied by a dealer, are reasonable in relation to the quality of services rendered by such broker-dealer (including, without limitation, the value of the brokerage and research products or services provided by such broker-dealer), the Clients may pay commissions to, or be subject to spreads applied by, such broker-dealer that are greater than those another broker-dealer might charge or apply.

Moerus maintains policies and procedures to review the quality of executions.

#### 1. *Research and Other Soft Dollar Benefits.*

Brokerage and research-related goods and services provided by brokers-dealers through which portfolio transactions for the Clients are executed, settled, and cleared may include, but are not limited to, research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, certain research services, and other goods and services providing lawful and appropriate assistance to Moerus in regards to the Firm's investment decision-making responsibilities on behalf of the Clients and related accounts (collectively "soft dollar items"). Soft dollar items may be provided directly by brokers-dealers, by third parties at the direction of brokers-dealers, or purchased on behalf of the Clients with credits or rebates provided by brokers-dealers. Soft dollar items may arise from over-the-counter principal transactions, as well as exchange-traded agency transactions.

Moerus may pay a broker-dealer commissions (or markups or markdowns, with respect to certain types of riskless principal transaction) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer.

Currently, the Firm's soft dollar program is inactive. When active, the Firm collects soft dollars in a limited capacity. Goldman Sachs Tradebook, an equity trading counterparty, offers a commission concession program where up to 25% of commissions paid in certain markets can be credited toward eligible soft dollar expenses. Commencing in July 2021, Goldman Sachs Tradebook instigated a minimum monthly commission level that must be achieved before the commission concession program can be utilized. As of December 2022, the Adviser's commissions paid to Goldman Sachs Tradebook were insufficient to meet this minimum. When (if) commissions with Goldman Sachs Tradebook exceed the minimum, the soft dollar program will automatically become active. The soft dollar program is administered by Bloomberg. To date, concessions earned under this program have been exclusively used to partially offset only eligible Bloomberg expenses. All direct and/or indirect soft dollar activities related to Clients will be limited to activities within the Section 28(e) safe harbor.

The use of commissions or "soft dollars" generated by the Clients through agency and certain riskless principal transactions to pay for brokerage- and research-related products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), brokerage- and research-related products or services obtained with soft dollars generated by one Client may be used by Moerus to service other Clients. Soft dollars generated in respect of futures, currency and derivatives transactions, and principal transactions (that are not riskless principal transactions) do not generally fall within the safe harbor created by Section 28(e) and will be utilized only with respect to brokerage- and research-related products and services for the benefit of the account generating such soft dollars.

When Moerus uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Moerus may receive a benefit because it does not have to produce or pay for such products or services (unless the cost of such products or services is to be otherwise paid for by the Clients). Moerus may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other soft dollar items, rather than on the Clients' interest in receiving most favorable execution.

Moerus considers the amount and nature of research and research services, if any, provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Moerus make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer

will not be excluded from executing transactions for the Clients because it has not been identified as providing soft dollar items.

## *2. Brokerage for Client Referrals.*

Neither Moerus nor any Related Person receives Client referrals from any broker-dealer or third party. However, from time to time, prime brokers or prospective prime brokers may assist the Private Fund in raising additional funds from investors, and representatives of Moerus may speak at conferences and programs sponsored by such brokers for investors interested in investing in private funds. Through such “capital introduction” events, prospective investors in the Private Fund would have the opportunity to meet with Moerus. It is worth noting that attendees of such events may also, subject to eligibility, become investors in the Registered Fund. Currently, Moerus does not compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor does Moerus anticipate doing so in the future. As discussed above, subject to best execution, Moerus may consider, among other things, capital introduction and marketing assistance with respect to investors in the Private Fund in selecting or recommending brokers-dealers for such Funds. While such events and other services provided by a prime broker may influence the Adviser in deciding whether to use such broker in connection with brokerage, financing, and other activities of the Funds, Moerus will not commit to allocate a particular amount of brokerage to a broker in any such situation.

## *3. Directed Brokerage.*

Currently, Moerus does not permit a Client to direct Moerus to execute transactions through a specified broker-dealer.

## **B. Trade Allocation and Aggregation Policies and Procedures.**

The Private Fund, the Registered Fund, and the SMAs may have similar investment objectives, programs, and strategies, and may have positions that are similar to, or may conflict or compete with, one another. The portfolio strategies employed by Moerus for its various Clients could conflict with the transactions and strategies employed by Moerus in managing other Clients, and may affect the prices and availability of the securities and instruments in which certain Clients invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for more than one of Moerus’ Clients.

It is the policy of Moerus to allocate investment opportunities fairly and equitably over time. When it is determined by Moerus that it would be appropriate for one or more Clients to participate in an investment opportunity, Moerus will ordinarily seek to execute orders for all such investment vehicles on an equitable basis, to be allocated fairly among those accounts. The Adviser determines for which of its accounts participation in a respective investment is considered appropriate and the allocation of such investment among such accounts, taking into account, among other things, factors such as: (i) the relative amounts of capital available for new investments; (ii) relative exposure to market trends; (iii) the investment programs and portfolio positions of all such investment vehicles; (iv) whether the risk-return profile of the proposed investment is consistent with the account’s objectives; (v) the potential for the proposed investment to create an imbalance in the account’s portfolio; (vi) liquidity requirements; (vii) potentially adverse tax consequences;

(viii) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; (ix) local market restrictions and regulations as per investment size; (x) the need to adjust the risk in the account's portfolio; (xi) transaction ticket costs and (xii) other transaction/execution-related limitations associated with allocations into a specific account. Such considerations may result in allocations among the Clients Accounts on an other than pari passu basis. Orders may be combined for the Clients, and if any order is not filled at the same price, they may be allocated on an average price basis or on any other basis deemed fair and equitable by Moerus. Similarly, if such an order cannot be fully executed under prevailing market conditions, securities may be allocated on a basis that Moerus, the General Partner, or its affiliates consider equitable.



## **ITEM 13**

### **REVIEW OF ACCOUNTS**

#### **A. Frequency and Nature of Review of Client Accounts**

All investment opportunities are carefully reviewed by the investment professionals at Moerus and approved by the Portfolio Manager before any transactions are undertaken. Moerus investment professionals monitor the positions within each Client Account on a real-time basis. Additionally, Moerus undertakes a quarterly review of each Client Account as parts of its Quarterly Management Committee Meeting.

#### **B. Factors Prompting Review of Client Accounts Other than on a Periodic Review.**

A review of a Client Account may be triggered by unusual activity or special circumstances.

#### **C. Content and Frequency of Account Reports to Clients.**

Investors in the Private Fund will receive unaudited reports of the performance of the Private Fund at least quarterly and audited year-end financial statements annually. Moerus may also provide certain investors with more detailed information upon request.

Investors in the Registered Fund will receive semi-annual reporting from the Northern Lights Fund Trust IV (the “Trust”). Moerus will provide to the Trust, reports, statistical data, and other information in such form and at such intervals as the Trust may reasonably request.

The nature and frequency of reports to SMA Advisory Clients are determined mainly by the particular needs of each client. SMA Advisory Clients open accounts directly with the qualified custodian of their choice. These custodians typically provide online access as well as periodic reports (generally including a monthly or quarterly statement). At the request of any SMA Advisory Client, Moerus will provide customized reports including, among other things, information on portfolio holdings, investment performance, and fee calculations.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

A. Economic Benefits for Providing Services to Clients.

Moerus does not receive economic benefits from non-Clients for providing investment advice and other Advisory services to Clients.

B. Compensation to Non-Supervised Persons for Client Referrals.

As of March 30, 2023, neither Moerus nor any related person, directly or indirectly, compensates any person who is not a supervised person, including third-party solicitors, for Client referrals. The Adviser is contemplating the limited use of one (or more) third-party solicitors in select overseas markets. Any such arrangements in the future will be entered into consistent with applicable regulatory requirements, including the disclosure to the prospective Client of the arrangement at the time of the solicitation. However, Moerus may receive client referrals from brokers providing services to the Clients. See Item 12 (“Brokerage Practices”) above.

## **ITEM 15 CUSTODY**

All Advisory Client assets are held in custody by unaffiliated broker-dealers or banks that serve as qualified custodians; however, Moerus may be deemed to have custody of Advisory Client funds and securities because it or its affiliate has the authority to obtain Advisory Client funds or securities, for example by deducting Advisory or Management Fees from an Advisory Client's account or otherwise withdrawing funds from an Advisory Client's account. Account statements related to the Private Fund are sent by qualified custodians to Moerus. However, the investors of the Private Fund will not receive statements directly from the qualified custodians.

Moerus is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Private Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that such Private Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Private Fund distribute its audited financial statements to all investors within 120 days of the Private Fund's fiscal year end.

## **ITEM 16**

### **INVESTMENT DISCRETION**

Moerus has been granted discretionary authority to manage the securities accounts of the Private Fund, Registered Fund, and SMAs, pursuant to their respective confidential offering memorandum, prospectus, investment management agreement, and/or other constituent documents. Any limitations on Moerus' discretionary authority are described in the Private Fund's confidential offering memorandum, the Registered Fund's Prospectus, and the SMA's investment management agreement accordingly.

The Adviser will provide investment advisory services on a discretionary basis to other Clients. Please see Item 4 ("Advisory Business") for a description of any limitations Clients may place on the Adviser's discretionary authority.

Prior to assuming discretion in managing a Client's assets, the Adviser will enter into an IMA or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser will have the authority to determine (i) the securities to be purchased and sold for the Client Account (subject to restrictions on its activities set forth in the applicable IMA and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client Account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status, and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser's portfolio manager will submit an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) Client Accounts for each trade/order submitted. The portfolio manager may consider the following factors, among others, in allocating securities among Clients: (i) Client investment objectives and strategies; (ii) Client risk profiles; (iii) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (iv) size of the Client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity, and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible Client Accounts on a fair basis, it should be noted that these factors may lead a portfolio manager to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a *pari passu* type basis will, from time to time, receive differing allocations of securities on individual transactions.

Allocations will be made among Client accounts eligible to participate in initial public offerings ("IPOs") and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Client's status as a "restricted person" under applicable regulations.

The Adviser may effect cross transactions between discretionary Client Accounts where it is permitted by the constituting documents, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two Clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the

market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between Client Accounts will not be permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker-dealer, unless Client consent has been obtained based upon written disclosure to the Client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions will not be permitted for benefit plans or other similar accounts that are subject to ERISA. Notwithstanding the foregoing, Moerus does not intend to effect cross trades involving the Registered Fund.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that Clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. Further, any gain that occurs as a result of a trading error in a Client Account will be left in the Client Account. The Adviser will have discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

In the event that a Client Account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, such trade error will be corrected by the Adviser as soon as practicable, in a manner such that the Client incurs no loss.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

Moerus has the authority to cast all proxy votes for the Private Fund and the Registered Fund. Moerus has adopted a written proxy voting policy, as required by the Advisers Act. The policy provides that the Adviser will act in the best interests of its Clients, as determined by Moerus in good faith, in determining whether and how to vote on any proxy voting matter. The Adviser will classify all requests for stockholder voting authority and related proxy materials as routine (e.g., uncontested director elections, reappointment of independent audit firms, and capital structure changes that do not disadvantage our Client funds) or non-routine. Moerus' Portfolio Manager and Chief Compliance Officer will consult with each other concerning the best method to resolve any actual or apparent conflict between the interests of Moerus and its Clients in a manner that affords priority to the interests of Moerus' Clients.

Moerus has the ability to cast proxy votes for each SMA, if instructed to do so by the account owner. Moerus has adopted a written proxy voting policy, as required by the Advisers Act. The policy provides that the Adviser will act in the best interests of its Clients, as determined by Moerus in good faith, in determining whether and how to vote on any proxy voting matter. The Adviser will classify all requests for stockholder voting authority and related proxy materials as routine (e.g., uncontested director elections, reappointment of independent audit firms, and capital structure changes that do not disadvantage our Client funds) or non-routine. Moerus' Portfolio Manager and Chief Compliance Officer will consult with each other concerning the best method to resolve any actual or apparent conflict between the interests of Moerus and its Clients in a manner that affords priority to the interests of Moerus' Clients.

Moerus or its Clients have engaged independent third-party proxy voting services to handle the administrative mechanics and required recordkeeping related to proxy voting, as well as to provide the Firm with proxy voting recommendations. Moerus has directed these service providers to utilize their internal proxy voting guidelines in making recommendations to vote, as those guidelines may be amended from time to time, but maintains the right to vote in accordance with its discretion, where it deems appropriate. Notwithstanding the foregoing, Moerus intends to review and vote each proxy in accordance with its view as to the best interests of its Clients.

Investors may obtain a copy of the policy and information on how Moerus voted Client securities by addressing a request for such policy or information to Moerus' Chief Compliance Officer, 307 West 38<sup>th</sup> Street, Suite 2003, New York, New York 10018.

**ITEM 18**  
**FINANCIAL INFORMATION**

Moerus is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.