

BROCHURE OF
QUANTUMROCK CAPITAL GMBH

A German Limited Liability Company registered with the Securities and Exchange
Commission as an Investment Adviser
(CRD #300208)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF QUANTUMROCK CAPITAL GMBH. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT + 49 431 800 15 300 OR LORENZEN@QUANTUMROCK.DE.

THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT THE QUANTUMROCK CAPITAL GMBH ALSO IS AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV

The date of this brochure (the “Brochure”) is

March 23, 2023

Material Changes to Brochure

There are no material changes to report regarding our advisory business since our previously filed Brochure dated March 28, 2022.

TABLE OF CONTENTS

Part 2A – Disclosures about Quantumrock Capital GMBH

Item number	Page number
Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-by-Side Management.....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations.....	17
Item 11 – Code of Ethics, Participation or Interest in Client Transactions, Privacy Policy and Personal Trading	18
Item 12 – Brokerage Practices.....	21
Item 13 – Review of Accounts.....	24
Item 14 – Client Referrals and Other Compensation.....	25
Item 15 – Custody.....	25
Item 16 – Investment Discretion.....	25
Item 17 – Voting Client Securities – Proxy Policy.....	25
Item 18 – Financial Information	26
Item 19 – Requirements for State-Registered Advisers.....	26

I. Part 2A – DISCLOSURE ITEMS ABOUT FIRM

Item 4. Advisory Business:

(A) **Operational and Organizational Information:** Quantumrock Capital GMBH (the “Firm”) is an investment adviser registered with the U.S. Securities and Exchange Commission. As stated on the cover page of this Brochure, registration as an investment adviser does not imply a level of skill or training. The Firm was formed in November of 2010. The principal owners of the Firm are Stefan Tittel (approx. 60%), Thomas Lorenzen (approx. 21%) (each being a “Managing Partner”) and Michael Morsch (approx. 19%).

(B) **Types of Advisory Services Offered:** The Firm provides investment management services to separately managed account clients (“clients” also referred to as “client accounts”) on a discretionary and non-discretionary basis.

The advisory services focus on the development and implementation of mathematical trading models, artificial intelligence and systematic, fully automated trading. The Firm’s strategies are either purely quantitative or quantamental and combine science and statistics with fundamental data points and industry knowledge. The Firm’s current research focuses on long-short equity models, volatility models and spread-and-pair trading models as well as market-neutral and directional models in commodity markets.

The investment process starts with a client or potential client selecting from a menu of strategies that best align with such client’s risk tolerance and financial objectives. The Firm utilizes a wide array of financial products to implement its strategies, such as equities, derivatives, fixed income, commodities, volatility products, as well as currency and crypto-related products.

(C) **Client Investment Guidelines and Parameters:** The Firm does not generally tailor its advisory services to the individual needs of separately managed account clients. Clients are not offered the ability to impose restrictions on investing in certain securities or types of securities. The Firm provides discretionary and/or non-discretionary investment advisory services to all fee paying clients’ accounts. In connection with managing a client’s investments, such client’s investment management agreements provide investment guidelines and parameters that provide the context within which the Firm renders its investment management

services, subject to such investment decisions being approved by the relevant client.

(D) **Wrap Fee Programs:** The Firm does not participate in wrap fee programs.

(E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*

(i) Discretionary: \$3,500,000 as of December 31, 2022.

(ii) Non-discretionary: \$0 as of December 31, 2022.

Item 5. Fees and Compensation:

(A) **Generally:** All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other fee arrangements with the client.

Management fees (“Management Fees”) for account clients are calculated based on an annual percentage of the value of the assets under management of such client account.

(B) **Payment of Fees:** Management Fees are generally paid quarterly, in arrears, as provided in the agreement with the client, based on the value of the account(s) as of the close of the previous quarter. The Management Fee will be prorated for deposits made to into a client account during a calendar quarter.

Management Fees: Clients shall pay the Firm a Management Fee equal to a certain percentage of such client account’s fair market value, starting at 0.5%, excluding any portion of the investment account assets that is invested in cash and/or bonds. All Management Fees are negotiable. The Firm will quote an exact percentage to each client based on both the nature, and total dollar value, of that account. Management Fees are generally paid quarterly, in arrears, as provided in the agreement with the client, based on the value of the client’s account(s) as of the close of the previous quarter. The Management Fee will be prorated for a deposit made into such client’s account during a calendar quarter. If for any reason a client should wish to terminate an investment advisory contract, the client must give, on average, 30 days prior written notice, and advanced fees will be refunded on a prorated basis.

- (C) **Additional Fees and Expenses:** At the discretion of the Firm, Management Fees shall be paid directly to the Firm from the client account. If the Firm does not elect to receive direct payments from the client's account, such Management Fees shall be due and payable in full within fifteen (15) days of billing.

Clients will also bear any agreed upon expenses as set forth in the relevant investment management agreement.

In addition, clients will incur brokerage and other transaction costs. Clients should review carefully **Item 12**, which discusses conflicts of interest related to brokerage practices. Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. The Firm will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than the Firm in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees, and surrender charges, and IRA and qualified retirement plan fees. Management Fees charged by the Firm are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each mutual fund's security's prospectus.

- (D) **Fees Paid in Advance:** Management Fees are generally paid quarterly, in arrears, as provided in the agreement with the client, based on the value of the client's account(s) as of the close of the previous quarter.
- (E) **Additional Compensation of Supervised Persons:** Neither the Firm nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6. Performance Based Fees and Side-By Side Management: The Firm does charge performance fees, in addition to Management Fees, to certain qualifying clients. Performance fees are negotiated with separately managed accounts and the fee details will be described in a client's investment management agreement. Performance fees will create a conflict of interest since such fees provide an incentive for the Firm to make riskier investments in order to generate a higher performance fee.

Item 7. Types of Clients:

The Firm provides advisory services to separately managed accounts, including but not limited to, individuals, trusts, estates and/or charitable organizations. The Firm does require a minimum amount for opening or maintaining an account equal to a notional amount of USD \$1 million.

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

- (A) **Methods of Analysis and Investment Strategies:** The Firm seeks to develop sophisticated algorithmic trading technology using artificial intelligence ("AI") and machine learning ("ML") systems. The Firm's core business is the development of sophisticated quantitative trading strategies based on artificial intelligence and machine learning for financial markets. The trading strategies rely on computer algorithms based on various mathematical models and advanced quantitative analysis to identify and capitalize on available trading.

The Firm seeks to offer trading strategies to asset managers, institutional clients and ultra-high net worth individuals. Institutional investors can license the Firm's trading strategies which aim to deliver returns on assets deployed. The user of our software and trading strategies usually pay, as it is the standard in this industry, a fee based on the assets deployed and performance.

Investing in securities involves risk of loss that clients should be prepared to bear.

- (B) **Risks Associated with the Firm's Investment Strategies:** The Firm will endeavor to achieve consistent absolute returns through capital appreciation and investment income while attempting to preserve capital and mitigate risk. No assurances can be given that this objective can be achieved and investment results may vary substantially over time and from period to period.

Market Volatility: The profitability of the investments chosen by the Firm substantially depend upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Risks Associated with Investing in Options and Derivatives: The Firm may invest, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by client accounts in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes,

commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased on behalf of a client account by the Firm were permitted to expire without being sold or exercised, the client account would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Firm on behalf of the client account at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Firm on behalf of the client account at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short

interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the client account of all or a substantial portion of its assets.

Short Selling: When deemed appropriate by the Firm, it will sell securities short on behalf of client accounts. Short selling involves the sale of a security that the client account does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the client account must borrow securities from a third party lender. The client account subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The client account must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities.

Risks Associated with Leverage: Generally, the Firm does not use leverage. However, in the event that the Firm determines that leverage is appropriate in its investment program, the Firm may use borrowed funds and/or investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Firm purchases securities for a client account with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of an account. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, the Firm's use of leverage would result in a lower rate of return than if an account was not leveraged.

If the amount of borrowings outstanding for a client account at any one time is large in relation to such Account's capital, fluctuations in the market value of the account will have disproportionately large effects in relation to the account's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of a client account to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to a client account, the net asset value of the account will generally decline faster than would otherwise be the case.

Certain of the Firm's trading and investment activities may be subject to U.S. Federal Reserve Board ("FRB") margin requirements, which are computed daily by a self-clearing broker-dealer. At present, the FRB's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a client. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the client is made. If the client does not deposit additional funds with the broker to meet the margin call within a reasonable time, the client's position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Firm, the Firm might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Firm's trading activities on behalf of a client account, the account, and not the Firm, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Clients should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Risks Associated with Non-Diversification: The Firm intends to hold diversified positions, however, the Firm is not subject to any formal policies regarding diversification. The Firm may sometimes concentrate holdings in industries, geographic regions or companies which, in light of investment considerations, market risks and other factors, the Firm believes will provide the best opportunity for attractive risk-adjusted returns. The concentration of assets in a small number of issuers, in any one industry or a

small number of industries, or in a single industry would subject clients to a greater degree of risk with respect to the failure of one or a few investments or with respect to economic variations in relation to such industry or industries.

Investments in Securities and Other Assets Believed to be Undervalued.

Firm's investment program contemplates that a portion of a client's account may be invested in securities and other assets that Firm believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate for the business and financial risks assumed. Such investments include bonds and other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. It is likely that a major economic recession could disrupt severely the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, client accounts may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of client funds would be committed to the investments made, thus possibly preventing such client account from investing in other opportunities.

Hedging Transactions. Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, in interest rates and in the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should

increase. Moreover, it may not be possible for a client account to hedge against a fluctuation at a price sufficient to protect such client's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

The Firm is not obligated to establish hedges for account positions. To the extent that hedging transactions are effected, their success is dependent on Firm's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Market or Interest Rate Risk. The Firm may invest client accounts, from time to time, in fixed income securities and instruments. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If a client account holds a fixed income security to maturity, the change in its price before maturity may have little impact on such account's performance. However, if the account has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to such account.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a client account purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, a client account may be exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Investments in Non-U.S. Investments. The Firm may invest portions of client accounts in non-U.S. securities and other assets (through American Depositary Receipts and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the client account may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the client's account, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the client account's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the client's foreign currency holdings. If the client's account enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if it enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Currency Control. It is sometimes the case that emerging market governments alter the exchange rate policy of a currency without advance notice. While the Firm will seek to assess the political sentiment on this topic on an ongoing basis in an effort to preempt a change in policy, such foresight is not always possible.

Emerging Markets. In addition to risks generally associated with trading securities, the Firm may invest in emerging markets which are subject to significant risks due to the general lack of infrastructure in their legal, judicial, regulatory and settlement systems. Investors in emerging market securities are subject to uncertainty regarding their rights and legal recourse. Investing in emerging market securities exposes a client's account to higher risk/reward parameters.

Political and Economic Risks of Emerging Markets. Many emerging nations are undergoing rapid institutional change, involving the restructuring of economic, political, financial and legal systems in ways that are not always simple to interpret. In such nations, there is an increased risk of political instability and diplomatic or economic events, which might adversely affect trading activities, and the enforceability of contractual obligations. Regulatory and tax environments are subject to rapid or frequent change without review or appeal in even the most stable common law jurisdictions. Many emerging markets suffer from underdeveloped capital markets, corporate governance, tax codes and clearing and settlement arrangements. Firm intends to remain abreast of regulatory developments in markets where it invests and, as such, attempt to mitigate these risks accordingly.

Exchange Rate Fluctuations. Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. The Firm intends to value its holdings and to make distributions in U.S. dollars. Thus, changes in currency exchange rates adverse to the U.S. dollar may affect adversely the value of such holdings. Among the factors that may affect currency values are trade balances, the appropriateness of interest rates, the shape of the yield curve, the degree of central bank independence and credibility, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Firm will monitor these risks and may opportunistically hedge currency exposure.

Risk of Default or Bankruptcy of Third Parties. The Firm, on behalf of client accounts, may engage in transactions in securities, commodities, financial instruments and other assets that involve counterparties. Under certain conditions, the client account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, instruments and/or assets were to become illiquid. In addition, clients could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Firm does business, or to which securities, instruments and/or assets have been entrusted for custodial purposes.

Cyber Security Breaches and Identity Theft. Firm 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 Firm 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 Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm'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 Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance.

Epidemic Outbreak or Serious Public Health Event Risk. The Firm's business may be affected by outbreaks of an infectious disease, pandemic or any other serious public health concern, including diseases such as severe acute respiratory syndrome, avian influenza, and, most recently, the coronavirus COVID-19, or other similarly infectious diseases. Such events have the potential to significantly adversely affect or cause uncertainty in financial markets and businesses, including the Firm'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. Any of the foregoing may therefore materially adversely affect the performance of the Firm, its affiliates, personnel, clients, and their respective investment activities. The Firm has policies and procedures to address known situations, but because such an event may create significant market and business uncertainties and disruptions, the Firm cannot predict the likelihood of such epidemics or serious public health events occurring in the future nor how such events may affect clients.

- (C) **Security-Specific Risks:** Please see the responses to Item 8.(B), above.

Item 9. Disciplinary Information:

Neither the Firm nor any supervised person has been involved in any legal or disciplinary event that is material to a client's or prospective client's evaluation of the Firm's advisory business or management.

(A) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Firm or a management person:

1. Was convicted of, or pled guilty or nolo contendere (“no contest”) to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **Not Applicable.**
2. Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **Not Applicable.**
3. Was found to have been involved in a violation of an investment-related statute or regulation. **Not Applicable.**
4. Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **Not Applicable.**

(B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Firm or a management person:

1. Was found to have caused an investment-related business to lose its authorization to do business. **Not Applicable.**
2. Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:
 - (a) Denying, suspending, or revoking the authorization of the Firm or a management person to act in an investment-related business. **Not Applicable.**
 - (b) Barring or suspending the Firm’s or a management person’s association with an investment-related business. **Not Applicable.**

- (c) Otherwise significantly limiting the Firm's or a management person's investment-related activities. **Not Applicable.**
 - (d) Imposing a civil money penalty of more than \$2,500 on the Firm or a management person. **Not Applicable.**
- (C) A self-regulatory organization (SRO) proceeding in which the Firm or a management person:
 - 1. Was found to have caused an investment-related business to lose its authorization to do business. **Not Applicable.**
 - 2. Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. **Not Applicable.**

Item 10. Other Financial Industry Activities and Affiliations:

- (A) Neither the Firm nor its management persons has existing or pending affiliations with a broker-dealer or registered representative of a broker-dealer.
- (B) Neither the Firm nor its management persons has existing or pending financial industry affiliations, such as with a broker-dealer, Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), or other investment adviser. However, the Firm is currently registered as a Commodity Trading Advisor ("CTA") with the National Futures Association ("NFA"). The Firm's NFA ID# is: 0500658.
- (C) The Firm and/or its management persons have a relationship or arrangement that is material to its advisory business or to its clients with the related persons as discussed below.
 - 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker. **Not Applicable**
 - 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund). **Not Applicable.**

3. Other investment adviser or financial planner. **Not Applicable.**
4. Futures commission merchant, commodity pool operator, or commodity trading advisor. **Not Applicable.**
5. Banking or thrift institution. **Not Applicable.**
6. Accountant or accounting firm. **Not Applicable.**
7. Lawyer or law firm. **Not Applicable.**
8. Insurance company or agency. **Not Applicable.**
9. Pension consultant. **Not Applicable.**
10. Real estate broker or dealer. **Not Applicable.**
11. Sponsor or syndicator of limited partnerships. **Not Applicable.**

- (D) Does the Firm recommend or select other investment advisers for your clients and receive compensation from those advisers that creates a conflict of interest? Does Firm have other business relationships with such advisers that create a conflict of interest? If so, describe all conflicts of interest and how the Firm will address them. **Not Applicable.**

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

A copy of the code of ethics (the “Code of Ethics”) is available upon request to clients or prospective clients.

- (A) **Code of Ethics:** The Code of Ethics is based upon the premise that all the Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service. The Code of Ethics requires all personnel to (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put client interests ahead of those of the Firm; (3) observe the Firm’s personal trading policies so as to avoid “front-running” and other conflicts of interests between the Firm and its clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by a Managing Partner and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination in the discretion of a Managing Partner.

Other Policies and Procedures of the Firm:

1. **Activities of the Firm and its Affiliates:** Neither the Firm, nor any affiliate or employee, is required to manage client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing

ventures and/or other unrelated employment. In addition to managing client accounts, the Firm, and its respective affiliates or employees may provide investment advice to other parties and may manage other accounts in the future.

2. **Trade Error Policy:** The Firm has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Firm will use reasonable efforts to correct the error. If the error cannot be corrected, the Firm does not intend to make any adjustment, regardless of whether the error works to the benefit or detriment of the client. The Firm will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected or attempted to be corrected.
3. **Privacy Policy:** The Firm has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about clients, as required under federal legislation.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide clients with superior service, the Firm may collect several types of nonpublic personal information about clients, including:

- Information from forms that clients may fill out, such as subscription forms, questionnaires and other information provided by clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications;
- Information clients may give orally;
- Information about transactions within the Firm, including account balances, investments and withdrawals;
- Information about the amount clients have invested; and
- Information about any bank accounts clients may use for transfers to or from managed accounts.

The Firm does not sell or rent client information. The Firm uses this information to conduct business with its clients; to develop or enhance its products and services; to understand the

financial needs of its clients so that the Firm can provide such clients with quality products and superior service; and to protect and administer its clients' records, accounts and funds. The Firm does not disclose nonpublic personal information about its clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, the Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Firm; this may include attorneys, accountants, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of transactions;
- To affiliated companies in order to provide clients with ongoing personal advice and assistance with respect to the products and services clients have purchased through the Firm and to introduce clients to other products and services that may be of value to such clients;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the client.

Protection of Information:

The Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep client information confidential.

The Firm maintains safeguards that comply with federal standards to protect client information. The Firm restricts access to the personal and account information of clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Firm shares client information must agree to follow appropriate standards of security and confidentiality. The Firm's privacy policy applies to both current and former

clients. The Firm may disclose nonpublic personal information about a former client to the same extent as for a current client.

- (B) **Participation or Interest in Client Transactions:** Personnel of the Firm may trade in the same securities traded for advisory clients. However, it is the policy of the Firm not to give preference to orders for personnel associated with the Firm regarding such trading. The Firm and its employees (collectively for the purposes of this paragraph, the “Firm”) may personally invest in the same securities that are purchased for clients and may own securities that are subsequently purchased for clients. In general, it is the Firm’s policy not to purchase or sell a security for its own account on the same day, the day before or the day after it purchased or sold the same security for a client. The Firm may also buy or sell a specific security for their own account based on personal investment considerations, which the Firm does not deem appropriate to buy or sell for clients.

Additionally, the Code of Ethics sets forth the Firm’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Employees has to each of its clients. The Code of Ethics is circulated at least annually to all Employees, and each Employee, at least annually must certify in writing that he or she has received and followed the Code of Ethics and any amendments thereto.

- (C) The Firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the Firm or a related person recommends to clients. *Please refer to Item 11.(B).*
- (D) The Firm or a related person recommends securities to clients, or buys or sells securities for *client* accounts, at or about the same time that Firm or a related person buys or sells the same securities for its own (or *the related person's* own) account. *Please refer to Item 11(B).*

Item 12. Brokerage Practices:

The factors that the Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation are described herein.

- (A) **Factors Considered in Selecting or Recommending Broker-Dealers:** Clients shall bear brokerage costs as set forth in the relevant investment management agreement. The following

discussion summarizes the material aspects of the Firm's practices in selecting broker-dealers to execute client transactions:

Although it is not required to consider any specific criteria, the Firm generally seeks "best execution" of securities transactions in light of the circumstances existing at the time individual transactions are executed. In evaluating a broker-dealer's ability to provide best execution, the Firm considers a range of factors, including historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker-dealer's willingness to commit capital; the broker-dealer's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the nature, quantity and quality of research provided by the broker-dealer; and the market for the security. The receipt of investment information from any broker-dealer executing transactions for the Firm will not result in a reduction in the Firm's customary and normal research activities. Any such information received from broker-dealers as a consequence of the placement of brokerage business for certain clients may be used by the Firm for the benefit of all its clients. The Firm is not obligated to obtain the lowest commission or best net price for an account on any particular transaction. Accordingly, clients may not be charged the lowest brokerage rates available on transactions executed by the Firm. The rates charged by brokers or dealers are only one factor that the Firm considers in selecting a broker-dealer and a lower rate may be available from a broker or dealer that provides similar services to the broker or dealer selected by the Firm.

1. "Soft Dollar" Policy:

The Firm does not currently participate in any soft dollar arrangements.

2. Brokerage for Client Referrals:

- (a) The Firm reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce clients to the Firm, provided that any such fee or commission will be paid solely by the Firm or its affiliates and no portion thereof will be paid by clients.

As a result, the Firm may have an incentive to select or recommend a broker based on the Firm's interest in receiving client referrals rather than on clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit the Firm but will provide an insignificant (if any) benefit to clients, the Firm will have a conflict of interest with clients when allocating client brokerage business to a broker who has referred investors to a client. To prevent client brokerage commissions from being used to pay referral fees, the Firm will not allocate client brokerage business to a referring broker unless the Firm determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to clients. **Currently, the Firm does not engage in this practice.**

- (b) Regarding the procedures used during the last fiscal year to direct Client transactions to a particular broker-dealer in return to Client referrals, please refer to Item 12.(A)(ii)a.

3. Directed Brokerage:

- (a) The Firm does not recommend, request, or require a client to direct the Firm to execute transactions through a specified broker-dealer.
- (b) The Firm does not permit a client to direct the Firm to execute transactions through a specified broker-dealer.

- (B) **Aggregation of Orders:** Transactions implemented by the Firm for accounts may be effected independently or on an aggregated basis. The Firm anticipates that frequently it will decide to purchase or sell the same securities for several clients at approximately the same time. The Firm will aggregate orders when it believes aggregation may prove advantageous to clients. When the Firm aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained

when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When the Firm aggregates client orders for the purchase or sale of securities, including securities in which its associated person(s) may invest, the Firm will do so in a fair and equitable manner. It should be noted that the Firm does not receive any additional compensation or remuneration as a result of aggregation.

Allocation of Trades: The Firm may at times determine that certain securities will be suitable for acquisition by clients and by other accounts managed by the Firm, possibly including the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Item 13. Review of Accounts:

- (A) All accounts managed by the Firm are reviewed on a monthly basis by a Managing Partner, or designee, of the Firm, to assure conformity with client objectives and guidelines. In addition, all accounts are reviewed in light of emerging trends and developments as well as market volatility. Clients are responsible for keeping the Firm informed as to any changes in their personal financial condition. The Firm cannot make any material changes to a client's portfolio if it is not informed of the client's particular developments.
- (B) The calendar is the main triggering factor of a review of an account, although more frequent reviews may be also be triggered by changes in a client's circumstances, client request, or unusual market activity. Clients may be contacted periodically by the Firm to discuss the management and performance of their account.
- (C) Reports showing performance are sent to clients monthly by the Firm and by the qualified custodian. In addition, realized

gains/losses, interest and dividends earned are reported to clients annually.

Item 14. Client Referrals and Other Compensation:

- (A) The Firm does not receive, from any non-client, any economic benefit associated with advising clients.
- (B) The Firm does not compensate any person who is not a supervised person for client referrals.

Item 15. Custody:

The Firm maintains client funds and securities at a qualified custodian. As stated above in Item 13, Review of Accounts, the Firm's qualified custodian will send monthly account statements directly to clients which clients should carefully review. Clients are urged to compare statements that are received from the qualified custodian to statements received directly from the Firm.

Item 16. Investment Discretion:

The Firm has discretionary and/or non-discretionary investment authority over client assets that are managed by the Firm. Please refer to the investment guidelines described in Items 4.(C) and Item 8.(A).

Clients that grant the Firm discretionary authority over its assets provide the Firm with such authority via an investment management agreement which includes a limited trading authorization. Clients that grant the Firm non-discretionary authority over its assets will provide the Firm with an appropriate investment management agreement.

Prior to providing any investment advice, the Firm requires that clients execute an appropriate investment management agreement.

Item 17. Voting Client Securities – Proxy Policy:

- (A) The Firm normally does not have authority to vote proxies for its clients. Clients for whom the Firm votes proxies can request to have a record of how the Firm voted proxies on their behalf and request a copy of the Firm's proxy voting procedures.

The Firm understands and appreciates the importance of proxy voting. To the extent that the Firm has discretion to vote the proxies of its clients, the Firm will vote any such proxies in the best interests of clients and in accordance with the procedures outlined below.

In evaluating how to vote a proxy, the Firm will first determine whether there is a conflict of interest related to the proxy in question between the Firm and its clients. This examination will include (but may not be limited to) an evaluation of whether the Firm (or any affiliate of the Firm) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a client. If a conflict is identified and deemed “material” by the Firm, the Firm will determine whether voting in accordance with these proxy voting guidelines is in the best interests of clients (which may include utilizing an independent third party to vote such proxies). With respect to material conflicts, the Firm will determine whether it is appropriate to disclose the conflict to affected clients.

- (B) The Firm’s general policy is to not vote proxies on behalf of separately managed account clients, unless specifically negotiated and set forth in the individual client’s investment management agreement. In the absence of such an agreement whereby the Firm does vote proxies, it is the responsibility of each such client to vote all proxies for securities held in the separate account. Separate account clients will receive proxies directly via their preferred delivery method, which is established at the time that the client opens the account with the Firm.

Item 18. Financial Information:

- (A) The Firm does not solicit prepayment of more than \$500 in fees per client six months or more in advance.
- (B) The Firm does not have discretionary authority over and/or custody of client funds or securities, the Firm has disclosed, as follows, any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients: **None**.
- (C) The Firm has not been the subject of a bankruptcy petition during the past ten years.

Item 19. Requirements for State-Registered Advisers:

Not applicable.