

## NELLORECAPITAL

**Nellore Capital Management LLC**

Redwood City, CA 94062

[www.nellorecapital.com](http://www.nellorecapital.com)

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**Form ADV Part 2A**

**CRD# 300467**

March 31, 2023

Nellore Capital Management LLC (“Nellore Capital”) is a Delaware-domiciled limited liability company, with principal headquarters in Redwood City, CA 94062. The Firm’s website can be found at [www.nellorecapital.com](http://www.nellorecapital.com).

This brochure provides information about the qualifications and business practices of Nellore Capital. If you have any questions about the contents of this brochure, please contact the Firm at [sakya@nellorecapital.com](mailto:sakya@nellorecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration status does not imply a certain level of skill or training.

Additional information about Nellore Capital is also available on the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This section of the brochure is meant to reflect any material changes the Firm may have made since its last annual update. The following material updates have been made since the firm's last filing.

- Item 4 has been updated to reflect the Firm's regulatory assets under management.
- Item 6 has been updated to reflect a change in the incentive allocation allocable to the Firm from its advised Funds.
- Item 8 has been updated with an additional discussion on Risk of Loss.

Investment advisors must update the information in their brochure at least annually. Nellore Capital will deliver a brochure or summary each year to existing clients within 120 days of the close of the Firm's fiscal year.

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#### **Item 4. Advisory Business**

- A. Nellore Capital Management LLC (“Nellore Capital” or “the Firm”) began its advisory services on April 29, 2019. The Firm’s principal owner is Sakya Duvvuru, Managing Member.
- B. Nellore Capital seeks to achieve long-term capital appreciation primarily through investments in the securities of entrepreneurially managed, competitively advantaged technology businesses held for the long term. The Firm invests in U.S. as well as non-U.S. based companies and may invest in emerging markets. The Firm’s investment advice is primarily limited to publicly traded common stocks, but the Firm may also invest in options and other derivatives providing exposure to publicly traded common stocks and private market transactions. Nellore Capital’s investment strategy generally is long-biased though it retains the ability to hold short positions at times in its discretion.

Nellore Capital provides discretionary asset management services for pooled investment vehicles, including Nellore Capital Partners LP and Nellore Capital Partners QP LP (“the Funds”) and also provides discretionary asset management services and utilizes a separately managed account (“SMA”) platform to direct investments for some of its Clients. The Firm manages the Funds and SMA accounts using a single common investment strategy. The separately managed account setup allows increased transparency for clients as they can view the details of their account at any time through the custodian, but may have different fees or expenses associated with that account structure. The SMA platform also gives the Client and the Firm the ability to liquidate some or all of the Client’s assets in a timely and orderly fashion without hindering the investment performance of other Clients or the Funds.

- C. For its SMA platform, Nellore Capital does not tailor its advisory services by Client, but Clients may impose reasonable restrictions if necessary. The Firm employs the same capital allocation strategy across all of its accounts that it deems will provide the maximum risk adjusted return for all of its Clients. Nellore Capital’s SMA Clients understand that their account holdings will closely reflect those of other Clients.

As for the Funds, the Firm tailors advice to the Funds and not to the underlying beneficial owners of the Funds. The Funds’ investors are unable to impose restrictions on investing in certain securities or types of securities.

- D. Nellore Capital does not participate in wrap fee programs.
- E. As of December 31, 2022, Nellore Capital has \$473,421,231 in regulatory assets under management on a discretionary basis.

## Item 5. Fees and Compensation

- A. For SMAs, each account is typically subject to a management fee equal to 1.0% of the sum of the Client's total investment value.

With respect to the Funds, the Firm charges each investor a quarterly management fee equal to one-quarter of 1.0% (1.0% per annum) of the sum of an investor's total investment value in the Funds.

Nellore Capital may, in its discretion, waive, reduce or rebate all or part of the Management Fee payable. Nellore Capital also charges an Incentive Allocation, or performance-based fee, for both the SMA platform and Fund. The performance-based fee is explained in detail in the next section.

- B. For both SMAs and Funds, the Firm deducts fees directly from investors' assets. Fees are deducted on a quarterly basis in advance. Please refer to Item 15 for more information about this practice.
- C. For both SMAs and Funds, Clients may pay for other expenses and fees in connection with Nellore Capital's advisory services. Clients may incur certain charges imposed by other third parties in connection with investments made through the account, including, but not limited to, annual maintenance, brokerage, clearance, custody, and administrative fees. Other expenses Clients may bear, particularly investors in the Funds, include legal, compliance, administrator, audit, accounting expenses (including third party accounting services), and any other services or service provider expenses deemed necessary by Nellore Capital on behalf of its Clients.

Clients should note that they will incur brokerage and other transaction costs. For more information on brokerage costs, please refer to Item 12 of this Brochure.

- D. SMA Clients and investors in the Funds must pay their management fee in advance. The management fee with respect to the amount an investor contributes to the Funds will be payable by the investor as of the date the investor makes the investment and quarterly thereafter.

For both SMA Clients and Fund investors, one may obtain a refund of the pre-paid fee if the advisory contract is terminated (redemption notice is submitted) before the end of the relevant billing period. The management fee will be prorated for any period that is less than a full calendar quarter, with any necessary amounts rebated as appropriate.

- E. Nellore Capital does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Nellore Capital charges performance-based allocations. The Firm only charges performance-based allocations to “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act of 1940.

For SMA Clients, Nellore Capital may be paid a management fee and/or performance fee or allocation with respect to a separately managed account in accordance with the terms of the applicable SMA Agreement.

For the Funds, the performance allocation is calculated as set forth in the respective fund’s governing agreements and generally is 18% of the Fund’s annual unrealized and realized net capital appreciation, subject to a 5% per annum Hurdle Rate and “high water mark”.

This compensation structure creates a conflict of interest because it incentivizes Nellore Capital to favor accounts for which it receives performance-based fees. Nellore Capital might also be inclined to make riskier investments against Clients’ interest to earn performance-based fees. To address this conflict, Nellore Capital only makes investment recommendations and decisions based on the best interest of its Clients, regardless of compensation arrangements.

## **Item 7. Types of Clients**

Nellore Capital may provide investment advice to high net worth individuals, pooled investment vehicles, trusts, investment companies, endowments, or pension plans.

To be a Client in the Firm’s SMA platform or an investor in the Fund, one must be an accredited investor status and, depending on the Fund, a “qualified client” or “qualified purchaser.”

To be an investor in Nellore Capital’s Funds, the minimum subscription is \$1,000,000 for initial investments and \$100,000 for additional investments. In its discretion, Nellore Capital may from time to time waive, reduce or increase such minimum initial and additional investment requirements.

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

- A. Nellore Capital’s investment objective is to seek to achieve long-term capital appreciation primarily through investments in the securities of entrepreneurially managed, competitively advantaged technology businesses held for the long term. The Firm may invest in both U.S. and non-U.S. based companies, including emerging markets. Nellore Capital

focuses on publicly traded common stocks but may also invest in options and other derivatives providing exposure to publicly traded common stocks, and private market transactions.

The first part of Nellore Capital's investment strategy is identifying trends and developments in the sectors in which the Firm invests. By observing companies' strategies, customer needs, and the development of new technologies, the Firm will then build a framework based on several major investment themes. The framework helps the Firm predict how industries are likely to evolve over the long term.

The next part of the investment strategy is making investment decisions based on bottom-up proprietary analysis. The goal of the analysis is to determine which companies benefit from new technology breakthroughs or standards, or which companies can reinforce their leadership through innovation and widening their competitive advantage. Research may be generated through meetings and conversations with company management, interactions with the company's customers, suppliers, employees, competitors, consultants and organizations, and communications with contacts within the technology business community.

In addition to its proprietary analysis, Nellore Capital conducts fundamental financial analysis, including forecasting key performance indicators, revenue and free cash flow as inputs into discounted cash flow analysis, private market valuation analysis, comparable company analysis and liquidation value analysis to determine intrinsic value and risk/reward. The ultimate goal of this analysis is to compare the price at which the business is being valued by the market with the intrinsic value of the business determined by Nellore Capital's assessment of its long-term growth prospects and the likelihood of achieving them.

Once the aforementioned steps are completed, Nellore Capital typically places a long position in a company that has one or more of the following characteristics:

- Superior value proposition for customers,
- Best in class products or services,
- Leading market share position with runway ahead,
- Currently profitable or has strong unit economics and is choosing to reinvest in accelerated customer acquisition or widening its competitive advantage,
- One or more competitive advantages (e.g., scale, network effects, brand, switching costs, IP),
- Low customer acquisition costs and/or high customer lifetime values,
- Innovative and effective management team, and
- Recurring revenue and high incremental margins business model.

Nellore Capital's investment strategy generally is long-biased though it retains the ability to hold short positions at times in its discretion.

Investing in securities always involves a risk of loss that investors should be prepared to bear. There can be no assurance that Nellore Capital will achieve its investment objective or avoid substantial losses.

- B. All prospective investors, either individually or together with their professional advisers, must have the financial sophistication and expertise to evaluate the merits and risks of an investment in Nellore Capital's strategy. The strategy is speculative, possibly illiquid, and involves a high degree of risk. Investors must be prepared to lose all or substantially all of their investment.

*Market Risk.* The price of any security can decline for a variety of reasons outside of Nellore Capital's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If an investor has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms

relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period may cause that Client Account to underperform relative to the overall market.

*Currency Risk.* The value of Nellore Capital's assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Firm changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. Nellore Capital does not seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

*Non-U.S. Exchanges and Markets.* Nellore Capital may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investments in non-U.S. markets will generally also be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Non-U.S. markets may also be less liquid and more volatile than comparable U.S. markets. Foreign brokerage commissions and other fees are also generally higher than in the United States.

*Lack of Liquidity for Fund Investors.* There are significant restrictions on an investor's right to redeem all or part of his/her investment, transfer its investment, and pledge or otherwise encumber his/her investment. An investor's assets may not be transferred or pledged except with the Firm's prior written consent (which may be conditioned or withheld in Nellore Capital's discretion) and in strict compliance with federal and state

securities and commodities laws (as determined by the Firm in its discretion). Nellore Capital also has the discretion to deliver redemption proceeds (in whole or in part) in investments rather than cash. These limitations, taken together, will significantly limit an investor's ability to liquidate an investment in the Fund quickly. Thus, it is unlikely that an investor will be able to liquidate his/her assets in the event of an unanticipated need for cash. Further, an investment in the Fund would not be suitable for an investor who needs liquidity.

*Banking Conditions.* Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks amplified by digital communications, have in the past and may in the future lead to market-wide liquidity problems which could adversely affect Nellore Capital's clients. For example, the recent banking turmoil spread uncertainty over liquidity concerns broadly across the global financial system and jolted financial markets. On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (the "FDIC"), as receiver. Following the collapse of SVB and other institutions, the Department of the Treasury, the Federal Reserve, and the FDIC issued a joint statement promising to protect all depositors of such institutions regardless of deposit insurance limits. There is no guarantee that the Department of the Treasury, the Federal Reserve, and the FDIC would make a similar systemic risk exception to protect all deposits in the event of the failure of a different institution. Similarly, on March 16, 2023, following the announcement of the downgraded credit rating of First Republic Bank ("First Republic"), eleven American banks including JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup deposited \$30 billion with First Republic to alleviate concerns of a possible bank run and support any withdrawals of deposit from First Republic.

Nellore Capital uses First Republic as custodian for a portion of its Fund assets and is expected to continue using First Republic. There is a risk that the circumstances relating to First Republic's custodial services may change which may involve risks of restriction of access and/or loss of services. While the situation around recent banking turmoil is still fluid and the overall impact of it is unknown, if Nellore Capital was unable to access deposits with a financial institution in respect of a Fund for any period of time, the Funds' investment activities could be negatively impacted and possibly permanently impaired.

- C. *Equity Securities.* The market price of securities owned by Nellore Capital may go up or down, sometimes rapidly or unpredictably. A risk of investing in the strategy is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or particular industries or issuers represented in those markets.

The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that Nellore Capital believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the anticipated time frame. As a result, Nellore Capital may lose all or substantially all of its investment in any particular instance.

*Investment Companies, ETFs and Other Collective Investment Vehicles.* Nellore Capital may, under certain circumstances, cause the strategy to invest in registered and unregistered investment companies, ETFs and certain other collective investment vehicles. ETFs, investment companies, and collective investment vehicles represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, and other asset classes, which are designed to generally correspond to the price and yield performance of their underlying indices, either broad stock market, stock industry sector, international stock, U.S. bond, commodity or currency. Investors in such vehicles are subject to risks similar to those of holders of other diversified and non-diversified portfolios. A primary consideration is that the general level of the underlying asset prices may decline, thus affecting the value of an ETF that tracks such asset prices. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. A sector ETF may also be adversely affected by the performance of that specific sector or group of industries on which it is based. Any such investments will increase the fees and expenses payable by

the Client, since such investment companies, ETFs and other vehicles also generally bear fees and expenses in connection with their operations and investment activities.

*OTC Transactions.* The strategy may engage in transactions involving securities traded on “over the counter” (“OTC”) markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Client to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the strategy engages in trading on OTC markets, the Client could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

*Options.* Nellore Capital may engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the “strike” price or “exercise” price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a “premium,” which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the strategy may lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the strategy may incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities becomes restricted. Options trading may also be illiquid in the event that Client assets are invested in contracts with extended expirations. The strategy may purchase and write put and call options on specific securities, on stock indexes or on other financial instruments and, to close out its positions in options, may make a closing purchase transaction or closing sale transaction. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other instrument underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other instrument) is that the price of the underlying security or other instrument may fall below the exercise price.

*Cybersecurity Risk:* As the use of technologies, such as the internet, has become more common in conducting business, Client accounts have become potentially more susceptible to operational, information security and related risks through breaches in cybersecurity.

Generally, a cyber incident may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, causing a Client account to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites.

Cybersecurity failures or breaches of a third-party service provider that provides services to a Client account, such as the Custodian or an administrator, may also subject a Client account and/or the Firm to these cybersecurity risks. Nellore Capital has established policies and procedures reasonably designed to reduce the risks associated with cyber incidents, including the risk that federal securities laws are broken due to a cyber incident. However, there can be no assurance that these policies and procedures will prevent cyber incidents

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to prospective investors' evaluation of Nellore Capital's advisory business or the integrity of the Firm's management. Nellore Capital has no material disciplinary facts to disclose.

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

- A. None of Nellore Capital's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer.
- B. Neither Nellore Capital nor any of its management persons have a relationship or arrangement that is material to the Firm's advisory business with any of the entities below:
  - 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker,
  - 2. Investment company or other pooled investment vehicle (e.g. mutual fund, private fund, etc.),
  - 3. Another investment adviser or financial advisor,
  - 4. Futures commission merchant, commodity pool operator, or commodity trading advisor,
  - 5. Thrift institution,
  - 6. Accountant or accounting firm,
  - 7. Lawyer or law firm,
  - 8. Pension consultant
  - 9. Real estate broker or dealer,
  - 10. Sponsor or syndicator of limited partnerships.

- C. Nellore Capital does not recommend or select other investment advisers for its investors. The Firm does not have any other business relationships that would create a material conflict of interest.

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

- A. Nellore Capital maintains a code of ethics, which explains procedures for buying and selling securities for directors, officers, employees, and other affiliated persons. The firm's code of ethics covers topics such as Compliance with Laws, Rules and Regulations; Conflicts of Interest; Confidentiality; Honest and Ethical Conduct and Fair Dealing; Protection and Proper Use of Corporate Opportunities; and Accuracy of Books and Records and Public Reports; and Reporting and Compliance Procedures.

The Firm will provide a copy of its code of ethics to any investor or prospective investor upon request.

- B. Nellore Capital's related persons do not recommend to clients, or buys or sells for client accounts, securities in which they have a material financial interest.
- C. Nellore Capital's principal, Sakya Duvvuru, is also an investor in one or more of the Funds. This may create a conflict of interest because Mr. Duvvuru has an incentive to allocate opportunities to the Funds in which he is an investor and could prioritize the interest of his investments before the accounts of the Funds' held by other investors. To address this conflict of interest, Mr. Duvvuru provides the same treatment to his own account as any other investor's account. Nellore Capital will allocate investment opportunities on an equitable pro-rata basis among the Funds and accounts.

#### **D. Investment Allocations**

Nellore Capital, the Funds' General Partner, respective principals, owners, or employees may invest in, directly or indirectly, or advise other investment funds or accounts that invest in assets that may also be purchased or sold by Nellore Capital. Neither Nellore Capital, the General Partner, or their respective principals, owners, or employees are under any obligation to offer investment opportunities of which any of them becomes aware solely to the Funds or to SMA accounts in respect of (or share with the Funds or inform the Funds of) any such transaction or any benefit received by any of them from any such transaction, but will seek to allocate such opportunities generally on a fair and equitable basis among the Funds and SMA accounts that may be able to enter into such transaction.

Generally, purchases of investments will be allocated to the Funds and SMAs on the basis of available capital in such funds or accounts which, in general, will be determined by taking into account factors such as daily cash balances, projected cash requirements for trade settlements, anticipated withdrawals or redemptions, confirmed capital subscriptions, and other commitments. Sale transactions generally will be allocated to the extent practicable pro rata according to the size of the available inventory. In certain cases, when Nellore Capital determines that pro rata allocation of purchases or sales is not appropriate under the particular circumstances, the allocation will be made based on other factors that Nellore Capital deems appropriate under the circumstances, which may include those described below, and in a manner, it deems fair and equitable.

Acquired private investments will be allocated to the Funds and SMAs eligible to participate in such private investments pro rata based on available capital at the time of the initial investment. In general, the amount of available capital for private investments will be determined by taking into account factors such as the amount of available capital, concentration limits and sizing considerations, upcoming liquidity requirements or commitments (including follow-on reserves, if any), and other considerations applicable to the Funds and SMAs. For sales of private investments, transactions will generally be allocated to the extent practicable pro rata according to the size of the inventory. Where Nellore Capital deems it fair and equitable, Nellore Capital may determine to allocate private investments on a basis that deviates from available capital, taking into account factors which may include those set forth below.

When Nellore Capital determines that expected opportunities may exceed some or all its Funds and SMAs' capacity or desired exposure to such opportunities, Nellore Capital may offer such opportunities to fund investors or third parties, in its sole discretion.

Nellore Capital anticipates that pro rata allocation of investment opportunities may not always be appropriate, including as a result of assessments which may include: applicable Fund or SMA account concentration limits, other risk and portfolio concentration considerations; structuring considerations; Fund and SMA account ramp-ups and ramp-downs; differing liquidity requirements of a Fund or SMA account; tax considerations; regulatory and legal considerations; minimum denomination/increment thresholds, avoidance of odd-lot or immaterial allocations or expense burdens relative to transaction size; and potential conflicts of interest between or related to an existing portfolio position and the investment to be purchased or sold.

Nellore Capital may invest, on behalf of the Funds or SMA accounts, in investments that are impossible or impractical to subdivide and allocate among multiple clients for tax, regulatory or other reasons. Due to the weight given to these factors (and others Nellore

Capital deems relevant), timing differences and other factors, the positions held by the Funds and SMA accounts are likely to be slightly different at times (even when a similar strategy among such clients is used), which may result in different performance among such Funds and SMA accounts. In such circumstances, Nellore Capital will make a good faith effort to allocate participations in such investments on a fair and equitable basis to the Funds and SMA accounts over time, taking into account factors including those described above.

Nellore Capital is authorized to combine purchase and sale orders on behalf of the Funds together with orders for other investment accounts, and allocate the securities or other assets so purchased or sold, on an average basis, among such Funds and accounts.

## **Item 12. Brokerage Practices**

- A.
  - 1. Research and Other Soft Dollar Benefits. Nellore Capital does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”).
  - 2. Brokerage for Client Referrals. Nellore Capital does not receive client referrals from broker-dealers or third parties.
  - 3. Directed Brokerage.
    - a. Nellore Capital does not recommend, request, or require that a client directs it to execute transactions through a specified broker-dealer.
    - b. The Firm does not permit clients to direct brokerage.
- B. Nellore Capital may aggregate the sale and purchase orders of securities for advisory accounts, including both SMAs and the Funds, with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the Firm. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Nellore Capital’s policies and procedures mandate aggregating multiple orders where feasible. Aggregate orders will be allocated to Client accounts in a systematic, non-preferential manner.

### **Item 13. Review of Accounts**

- A. Periodic Reviews – Nellore Capital reviews the accounts of each SMA Client and Fund investor (collectively known as the “accounts”) on a monthly basis. At the end of the month, BTIG, LLC (“BTIG”), Goldman Sachs (“Goldman”) and/or Morgan Stanley (“Morgan”), the Firms’ prime brokers, provide trade files to HC Global Fund Services, LLC (“HC Global”), the Firm’s fund administrator. Approximately ten days later, HC Global sends a monthly financial performance report to each SMA Client and Fund investors that details their account NAV.

Zohaib Mardhani, Investor Relations & Operations Associate at Nellore Capital, checks that HC Global’s calculation of each account’s monthly P&L matches that of BTIG by reviewing each account statement. Mr. Mardhani also ensures each account’s monthly accrued expenses are in line with the Firm’s projected expenses made at the beginning of the year.

- B. Intermittent Review Factors – Nellore Capital will review accounts other than on a periodic basis if an extraordinary event causes extreme price changes of an account’s holdings.
- C. The Administrator for the Funds or Clients sends account statements on a monthly basis. These statements contain the balance of each account. For Fund investors & Clients, Nellore Capital sends a portfolio tear sheet on a quarterly basis that details the Fund’s AUM & aggregate exposure, exposure by position (market value / NAV), exposure adjusted returns since inception, and P&L by position since the Fund’s inception.

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

- A. Nellore Capital does not have an arrangement in which someone who is not a client provides an economic benefit to the Firm for providing investment advice or other advisory services to the Firm’s clients.
- B. Nellore Capital does not directly or indirectly compensate any person who is not its supervised person for client referrals.

### **Item 15. Custody**

#### *Separately Managed Account Clients*

For Clients on its SMA platform, Nellore Capital generally does not have custody of the Clients’ funds.

Clients will receive statements directly from their custodian on a monthly basis and such statements should be reviewed carefully. Clients are further urged to review these statements against any reporting information provided by Nellore Capital.

### *Fund Clients*

Nellore Capital is deemed to have custody of assets of the private funds for which Nellore Capital or an affiliate serves as general partner. Nellore Capital does not act as qualified custodian of investors' funds or securities; however Nellore Capital keeps the funds and securities of its Funds' investors with third-party qualified custodians.

Nellore Capital has written authorization from the Fund investors to deduct fees directly from its account. Fee calculations and deductions for the Funds are processed by the Funds' third-party administrator.

Clients will receive statements directly from the Funds' administrator and the Funds' custodian on a monthly basis and such statements should be reviewed carefully. Clients are further urged to review these statements against any reporting information provided by Nellore Capital.

The Fund's financial statements are audited annually by a PCAOB third-party accounting firm, and the audited financial statements are distributed to investors within 120 days of the end of the Fund's fiscal year.

### **Item 16. Investment Discretion**

Nellore Capital maintains discretionary authority to manage securities accounts on behalf of investors. Investors may not place any limitations on this authority. The investment discretion is granted to Nellore Capital by the Fund's respective Limited Partnership Agreement.

### **Item 17. Voting Client Securities**

Nellore Capital has the authority to vote all proxies on behalf of the Funds it advises and for Clients on the SMA platform. Nellore Capital has adopted a policy governing the voting of proxies that is designed to ensure that Nellore Capital votes proxies in the best interests of its Clients. Nellore Capital generally will vote proxies so as to promote the long-term economic value of the underlying securities. Specifically, Nellore Capital will endeavor to vote in a way that leads companies to meet the Firm's desired characteristics, which are outlined in Item 8A of this Brochure. Each proxy proposal will be considered on its own merits, and Nellore Capital will make an independent determination whether to support or oppose management's position. If there is any actual or apparent conflict of interest between the interests of Nellore Capital and its Clients, Nellore Capital will endeavor to resolve such conflict in a manner that is consistent

with the best interest of the Clients and in a manner not affected by such actual or apparent conflict of interest.

Fund investors and SMA clients may obtain a copy of these proxy voting policies, obtain information about how Nellore Capital has voted its Clients' proxies or discuss any particular solicitation via the contact information listed on this Brochure.

#### **Item 18. Financial Information**

- A. Nellore Capital does not require the prepayment of \$600 in fees six months or more in advance.
- B. Mr. Duvvuru does not have any financial obligations that would impair his ability to meet his contractual ability to his investors at this time.
- C. Mr. Duvvuru has not been the subject of bankruptcy protection in the last 10 years. Neither Nellore Capital nor its related persons are currently subject to a bankruptcy petition.