

## **Orso Partners, LP**

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This “**Brochure**” provides information about the qualifications and business practices of Orso Partners, LP (hereinafter “**Orso**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Robert J. Morelli, Jr., by email at [bmorelli@orsopartners.com](mailto:bmorelli@orsopartners.com).

Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Orso is becoming a Registered Investment Adviser with the SEC with this Form ADV filing. Registration as an investment adviser does not imply that Orso or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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There have been no material changes since our last Brochure filed in March 2022 other than to update Regulatory Assets Under Management in Item 4.

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#### Item 4: Advisory Business

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Orso Partners, LP (hereinafter “**Orso**”, “**we**”, “**us**”, “**our**” or the “**Firm**” or the “**Investment Manager**”) is organized as a California limited partnership that was formed in 2018 with a principal place of business in South San Francisco, California.

Scott Matagrano, the Firm’s Director of Research, and Nathan Koppikar, the Firm’s Portfolio Manager, are the principal owners of Firm and direct the investment activities and operations of the Account (as defined below).

Orso provides discretionary investment advisory services to an institutional client in a separately managed account (hereinafter referred to as the “**Account**”).

Our investment decisions and advice with respect to the Account are provided in accordance with an Investment Management Agreement (the “**IMA**”) between the Firm and the Account.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2022, Orso has regulatory assets under management of \$410.0M managed on a discretionary basis.

## Item 5: Fees and Compensation

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The fees applicable to the Account are set forth in detail in the corresponding IMA. A brief summary of such fees is provided below.

### ***Management Fee***

Orso is paid an investment management fee for the Account ("**Management Fee**").

The Management Fee for the Account is the percentage as defined within the IMA of the targeted gross short exposure as of the end of the last business day of that quarter (calculated according to the formula defined in the IMA), paid in arrears each quarter.

### ***Incentive Fee***

With respect to the Account, Orso is paid an annual performance fee ("**Performance Fee**") equal to the percentage as defined within the IMA of the outperformance, i.e., the positive amount by which the Performance NAV exceeds the Hurdle (each as defined in the IMA).

### ***Other Types of Fees or Expenses***

In addition to Management Fees and Performance Fees, the Account will bear the following expenses, excluding any expenses for which the Firm is responsible (such covered expenses collectively, "**Account Expenses**"):

- 1) with respect to transactions that comply with the Account's investment guidelines, as described in the IMA (excluding any trade errors), all (w) premiums charged for options, swaptions, and other derivative instruments, (x) financing charges, brokerage commissions, clearing fees, bid/ask spreads, (y) issue fees, transfer fees, transfer taxes or stamp taxes, and (z) similar third-party costs of effecting transactions;
- 2) to the extent incurred by the Account (and, with respect to fees for any professional services, retained by the Account for its own account) in connection with the Account, all (x) custodial, administration, accounting, audit, legal or other professional fees and expenses and (y) settlement payments and judgments; and
- 3) any indemnification payments, non-party claims and other payments borne by the Account in accordance with the IMA.

For the avoidance of doubt, Account Expenses shall only include the Account's pro rata portion (based on its relative investment in the subject assets) of any expenses that are also attributable to any other funds and/or accounts managed by the Firm or its affiliates.

- a) The Account will be responsible for the following expenses which will not reduce Net Asset Value and shall be paid by the Account from funds outside of the Account all: (1) income taxes or similar entity-level taxes imposed on the Account and (2) other Account-incurred costs and expenses unrelated to the Account.

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

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We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

## **Item 7: Types of Clients**

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Our client is the Account, as described in Item 4 above.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to the Account and investment strategies pursued and investments made by us on behalf of the Account should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to the Account's investment objectives and guidelines as set forth in the IMA. The investment strategies we pursue are speculative and entail substantial risks. An investor should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of the Account will be achieved.

### ***Account Investment Objective***

The Account's investment objectives are to achieve capital appreciation primarily by identifying and selling short marketable equity securities of underfollowed and complex companies with misleading or corrective disclosures through a research-intensive process. The Account employs a short-biased investment strategy with an emphasis on primarily small to mid-cap companies that are underfollowed and complex (i.e., companies with market capitalizations of less than \$5 billion which the market does not yet have a well-formed bull and/or bear perspective).

### ***Risk Factors***

Investment in the Account involves substantial risks and is suitable only for persons who have limited need for liquidity of their investment and no need for regular current income. The Account was recently formed and therefore has limited operating history, and no assurance exists that the Account will achieve its investment objective. In addition to the risks always associated with investment in securities, the Account's investment strategies involve a variety of other risks. These risks include risks associated with short sales, concentration risks, small capitalization risks, distressed securities risks, options risks, general derivative risks and exchange traded fund risks among others.

## **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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### ***Code of Ethics***

Orso has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Account first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.
- Independence in the investment decision-making process must be maintained at all times.

The Code of Ethics places restrictions on personal trades by employees and mandates that its employees disclose their personal securities holdings and transactions to the Firm on a periodic basis. The Code of Ethics permits personal accounts, however requires pre-approval for certain types of transactions.

Employees are also prohibited from personally, or on behalf of the Account, purchasing or selling securities that appear on the Firm’s Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to the Account, or any prospective investor, upon request, to be viewed on the premises.

## **Item 12: Brokerage Practices**

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Orso is authorized to determine the broker-dealer to be used for executing securities transaction for the Account. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Account may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Account. The Firm’s authority is limited by its own internal policies and procedures and the IMA.

### ***Best Execution***

In selecting an appropriate broker-dealer to execute a trade for the Account, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for the Account in such a manner that the Account’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers’ full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### ***Soft Dollars***

The Firm does not current utilize “**Soft Dollars**”. However, to the extent the Firm decides to utilize Soft Dollars, the Firm will ensure that any Soft Dollar credits, generated by the Account’s or a future account’s trading activities, would be used to purchase brokerage and research services or products that would otherwise have been an account expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Neither Orso nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to the Account in selecting or recommending broker-dealers for the Account.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client.

## **Item 13: Review of Accounts**

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Our Portfolio Manager and investment team continuously monitor and analyze the transactions, positions, and investment levels of the Account to ensure that they conform with the investment objectives and guidelines that are stated in the IMA. In these reviews, the Firm



pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

### ***Account Reporting***

We perform various periodic reviews of the Account's portfolio. Such reviews are conducted by our Portfolio Manager and investment team. We also distribute a quarterly investor letter to the Account and hold update calls at least quarterly.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

### **Item 15: Custody**

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The custody rules generally require investment advisers that have "custody" of client assets to cause certain account statements detailing holdings and transactions to be sent to clients, and imposes certain other obligations.

With respect to the Account, we are not be deemed to have custody of client funds and securities.

If we are deemed to have custody of any client funds and securities in the future, we will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach.

### **Item 16: Investment Discretion**

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We do have full discretionary investment authority with respect to the Account, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

### **Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the Account's best interests and is in line with the Account's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;

- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

#### **Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to the Account, and have not been the subject of a bankruptcy petition at any time during the past ten years.