



Monterone Partners LLP

**Form ADV Part 2A - Disclosure Brochure
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This brochure provides information about the qualifications and business practices of Monterone Partners LLP ("Monterone" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at 44 203 763 5403 or info@monteronepartners.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. Additional information about Monterone also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

There have been no material updates to this brochure since our last annual filing in June 2023.

A copy of our brochure will be provided to any client or prospective client free of charge upon request. If you would like to receive a copy, please contact our Chief Compliance Officer at 44 203 763 5403 or info@monteronepartners.com. Our brochure is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 3 – Table of Contents

Item 1 – Cover Page	
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	5
Item 7 - Types of Clients	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 - Disciplinary Information	11
Item 10 - Other Financial Industry Activities and Affiliations	11
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12 - Brokerage Practices	12
Item 13 - Review of Accounts	14
Item 14 - Client Referrals and Other Compensation	14
Item 15 – Custody	15
Item 16 – Investment Discretion	15
Item 17 - Voting Client Securities	15
Item 18 – Financial Information	16

Item 4 - Advisory Business

Overview of the Firm

Monterone Partners LLP ("Monterone" or the "Firm") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Firm is a Limited Liability Partnership established in July 2014 under United Kingdom law. Monterone is based in London, United Kingdom, where it has been authorised and regulated by the U.K. Financial Conduct Authority since April 2015. The Firm registered with the SEC as an investment adviser in July 2017.

The Firm is owned by Markus Taraba via a parent entity, Monterone (UK) Limited.

Advisory Services

Monterone is a long-term, concentrated investment manager focused on Western European listed equities. Monterone seeks to generate attractive returns while minimizing the risk of permanent capital impairment. The Firm's investment approach encompasses in-depth, fundamental research, similar to the due diligence process employed in private equity transactions. Monterone acquires stakes in companies that have sustainably high returns on capital, resilient cash flows and strong growth prospects, but are temporarily trading at a discount to intrinsic value. As a long-term owner, Monterone seeks to have an active dialogue with management and provide constructive input.

Monterone provides advisory services to private funds and Separately Managed Accounts ("SMAs" together the "clients" or "accounts").

Monterone manages each fund in accordance with the investment objectives outlined in each fund's private placement memorandum and governing documents. Investment advice is provided directly to each fund and not to individual limited partners or investors.

The Firm has discretionary mandates in place for the private funds, including its flagship fund, the Monterone Partners Master Fund Ltd (together with the Monterone Partners Equity Fund Ltd and the Monterone Partners Equity Fund LP, the "Fund") as well as one other private fund to which it is the sub-advisor.

The Firm has discretionary mandates in place for five SMAs. The Firm manages the SMAs in accordance with negotiated guidelines and restrictions regarding investments and other investment criteria. These guidelines and restrictions are reflected in the separately managed account agreements between the Firm and the SMAs.

Monterone has established procedures and controls to help ensure compliance with each client's investment guidelines and any client-imposed restrictions.

Assets under Management

As of the date of this brochure, Monterone manages approximately \$335,118,008 in discretionary assets. Discretionary assets are those over which we have full authority to make investment decisions. Monterone does not manage any non-discretionary assets.

Item 5 - Fees and Compensation

Monterone charges management fees and performance fees.

Fund management fees are generally payable monthly in arrears, are computed based on the market value of the client's investment portfolio at the end of the billing period and are deducted from client accounts. Fees are pro-rated on a daily basis for a portion of any monthly fee period.

Each fund to which the Firm is a sub-advisor pays a management fee based on the terms set out in the investment management agreement. Monterone's current sub-advisory mandate pays fees monthly in advance, as negotiated for this mandate. However, fee tariffs and timing may be negotiated on a case by case basis for sub-advisory clients.

Monterone's SMA clients pay management fees monthly in advance, as negotiated for these mandates. However, fee schedules and timing may be negotiated on a case by case basis with each underlying client and set forth in the applicable investment management agreement, separately managed account agreement or other similar agreement.

Monterone reserves the right to negotiate fees. Some clients pay more or less than others depending on certain factors, including but not limited to, the duration of the lock-up of the account.

Clients pay other expenses in addition to the fees paid to Monterone. For example, clients may pay costs such as brokerage commissions, transaction fees, administration fees, audit fees, custodial fees, transfer taxes, wire transfer fees and electronic fund fees, and other fees and taxes charged to security transactions which are unrelated to the fees collected by Monterone.

For more information on the Firm's brokerage practices, please refer to Item 12 in this brochure.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

The Firm or an affiliate of the Firm receives performance-based fees for its investment management services to the Fund and to the sub-advisory mandate. A performance-based fee is a fee representing an asset manager's compensation for managing a client account that is based upon a percentage of the net profits of the client account being managed. When calculating net profits, performance-based fees are subject to a highwater mark.

Clients pay a performance fee as agreed in the terms of the investment management agreement. For clients managed in accordance with the European equities investment strategy, a performance-based fee represents our standard fee arrangement.

For SMA clients, performance based fees are negotiated on a case by case basis as set out in the separately managed account agreement. The SMAs' performance based fees are calculated on net profits and are subject to a high watermark.

Performance-based fee arrangements may create an incentive for the Firm to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favour higher fee-paying accounts over others in the allocation of investment opportunities. Monterone has adopted policies and procedures to mitigate the inherent conflicts associated with managing accounts for multiple clients. Monterone has adopted trading and allocation policies designed to ensure that its management of accounts is at all times consistent with its fiduciary responsibilities and that no client account is favoured over another. These policies include requirements that all client accounts in the same strategy generally be managed the same way, that is, the accounts must have the same portfolio holdings and must be traded at the same time, regardless of the fee arrangement. Client accounts are regularly reviewed by Compliance to confirm these policies are followed and that buy and sell opportunities are allocated fairly among client accounts.

Item 7 - Types of Clients

Monterone provides discretionary investment management services to private funds and institutional clients in SMAs. Clients in SMAs can include, but are not limited to: family offices, endowments, pension plans, trusts, estates, corporations and other institutional investors.

Although the Firm has the authority to accept subscriptions for a lesser amount, the required minimum investment in the Fund is generally \$500,000.

In order to provide services to a sub-advisory fund or SMA, Monterone generally requires a minimum level of AUM in the sub-advisory fund or SMA. The Firm determines minimum level of AUM on a case-by-case basis and at the discretion of the Firm.

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

The investment objective of the Firm is to preserve capital and generate attractive, risk-adjusted returns over the mid- to long-term. Monterone regards risk as the probability of permanent capital impairment, rather than daily price fluctuations.

Monterone employs its value investing approach to identify long and, when appropriate, short investment opportunities where the prevailing market price differs substantially from the intrinsic value of the business. Monterone regards the purchase of shares as becoming an owner, rather than buying a trading instrument, and this is reflected in the time horizon the Firm typically applies to evaluate business fundamentals and realize value. Monterone's analysis seeks to identify businesses that can generate long-term growth and attractive returns on capital, while the investment thesis typically targets the realization of value over a 2-4 year time period.

Monterone seeks to identify companies with transparent business models that generate predictable cash flows and whose returns and growth are protected by sustainable competitive advantages. In order to evaluate individual investment opportunities, the Firm seeks to perform a level of in-depth research and adopt a mind-set typically employed by private equity investors, who must be comfortable owning businesses for a number of years. This fundamental research-intensive process typically involves comprehensive analysis of historical financial performance, detailed assessment of an industry's competitive dynamics, meetings with management and key customers/suppliers, as well as first-hand inspection of key operations/assets. While the Firm's underlying investments are liquid and positions can

be reduced quickly should facts change, the Firm believes detailed knowledge of the companies in which it invests is essential to build confidence in the investment thesis and to monitor ongoing performance.

Monterone is willing to accept volatility due to reasonable portfolio concentration and net long exposure, but seeks to minimize the risk posed by (i) a permanent reduction in the earnings power of its investments, (ii) a purchase price which lacks a margin of safety, or (iii) leverage that could force it to sell investments at an unfavorable time. In the absence of attractive investment opportunities, the Firm is prepared to hold a meaningful cash position.

Long Investments

Commensurate with the expected portfolio structure, the Firm spends the vast majority of its effort to identify, evaluate and track long investments. Generally, its long investment opportunities fall within three broad categories:

1. 'Great businesses at a good price'. In the view of the Firm, a great business exhibits high returns on existing and incremental invested capital, a very strong competitive position and a high level of visibility on growth in free cash flow per share. Management allocates capital to maximize shareholder value and possesses a high degree of integrity. Historically, the opportunities to buy a very attractive business at a good price have arisen either because the market excessively focused on short-term negative news flow or because of broader macroeconomic concerns.
2. 'Under-earning and undervalued businesses'. Monterone also seeks investment opportunities in businesses it believes are under-earning relative to their potential given their competitive positions in the relevant markets. Such businesses should have all the structural characteristics of "great businesses", but have recently experienced a period of operational under-performance. Monterone would typically expect management to have begun implementing the initial steps to improve financial performance. In certain instances, the Firm will seek to engage with management and the supervisory board to accelerate or effect change in corporate strategy should this be required. Due to its detailed understanding of the business, frequent interactions with industry participants and long time horizon, the Firm believes it will be able to influence corporate decisions beyond its economic interest in the share capital.
3. 'Mispriced asset values'. In some cases, the Firm will buy a stake in an asset-backed or conglomerate business where it believes that the intrinsic value is significantly greater than the prevailing market price and that this value is likely to be released through disposals or other forms of corporate action.

Short Investments

Monterone typically seeks to identify short sale investments that offer the opportunity to generate absolute returns. Generally, the Firm's single name short sale opportunities fall within three broad categories:

1. 'Unsustainable business models'. Monterone seeks to identify businesses whose earnings power will be permanently impaired due to a change in regulation, technological obsolescence or an intensifying competitive environment. The targeted companies often are operating in mature markets with limited growth prospects.
2. 'Businesses facing cyclical or structural decline'. Monterone seeks to identify businesses facing cyclical or structural headwinds, which are not reflected in their valuation. Through detailed analysis of a company's value chain, the Firm will sometimes identify deteriorating end demand before it is priced-in

by the broader market. Monterone will then seek to position the clients either through outright short sales or through derivatives, to benefit from a declining share price.

3. 'Businesses with misleading accounting'. Lastly, if the Firm's analysis indicates that 'aggressive or misleading accounting' practices have been used to mask weak underlying performance of a business, the Firm will seek to benefit from the stock price decline as the market starts to price-in the true underlying fundamentals trends rather than inflated earnings.

The Long Only (A2 and B2) investors will not participate in the exposure to any short investments.

Portfolio Construction

Monterone aims to structure portfolios to maximize outperformance, or Alpha, while maintaining an appropriate level of diversification. Given the very high threshold the Firm places on business quality, management integrity and price paid, only very few stocks qualify for the portfolio as long positions. Clients will typically hold 10-12 core long positions with a limited number of positions the Firm is either scaling-in or out of. In addition, clients may hold single name short positions or other instruments to benefit from declining share prices.

Monterone believes a concentrated portfolio improves returns and also reduces risk as only the most attractive investment opportunities with the greatest margin of safety are included. In addition, the ongoing attention every position receives is greater than in a widely diversified portfolio and as a result, the Firm should be quicker to identify any factors that could have a material impact on the intrinsic value of the investment and act accordingly. Nevertheless, the Firm believes prudent diversification of the portfolio to be consistent with its strategy and will thus seek to make investments that have limited risk factors in common. Occasionally, the Firm may short market indices, purchase put options or credit default swaps in order to reduce market-related downside risk.

Leverage

Gross portfolio leverage (long exposure plus short exposure, divided by NAV) will be determined by the risk/reward profile and the conviction the Firm has in its long and short positions, but will generally fall between 100-150% of NAV. Monterone aims to control leverage such that a period of increased volatility does not force clients to exit positions at inappropriate prices, while also maintaining a certain level of buying power to capitalize on opportunities that may emerge.

Regional Exposure

Monterone expects that generally 70% or more of clients' gross exposure will be accounted for by businesses listed in Western Europe. The balance will be made up of investments in other developed markets, predominantly North America.

FX Exposure

Monterone generally uses forward contracts to attempt to hedge against a mismatch of clients' reporting currency and individual portfolio investments.

Liquidity

Monterone generally focuses on large and mid-cap companies and aims to avoid holding illiquid investments. The liquidity of the underlying investments is monitored against the liquidity terms of clients in order to prevent a mismatch of portfolio liquidity versus client liquidity.

Risk Management

Monterone regards risk primarily in terms of threats to the underlying earnings power of the businesses owned, rather than daily share price fluctuations. This belief is based on the Firm's assessment that the value and ultimate return on any investment will be determined by the cash flows the owner receives from the investment adjusted for time value as well as the initial price paid.

In order to mitigate risk of permanent capital impairment the Firm attempts to invest in strong businesses with a sustainable competitive advantage and predictable cash flows at a significant discount to intrinsic value.

Furthermore, the Firm seeks to ensure an appropriate level of diversification of client portfolios, while using leverage conservatively and holding liquid positions.

Monterone maintains an adequate and documented risk management policy that seeks to identify relevant risks to which clients are or may be exposed. Monterone's risk management policy includes procedures that are necessary to enable the Firm to assess clients' exposure to market, liquidity, counterparty and operational risks as well as all other relevant material risks.

Risk of Loss

Monterone cannot give any guarantee that it will achieve client investment objectives or that a client will receive a return on its investment. It should be noted that investing in securities involves a risk of loss as well as gain, which clients should be prepared to bear. Past performance is not a guide to the future and prices of investments may rise as well as fall. Clients may not get back the full amount invested.

Risk of Loss of Capital

No guarantee or representation is made that a client's investment program will be successful. The investment program will involve, without limitation, risks associated with possible limited diversification, leverage, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the client's activities.

Dependence on Key Individuals

Clients have no authority to make decisions on behalf of Monterone's clients. The success of the clients depends upon the ability of key members of Monterone's investment team to develop and implement investment strategies that achieve their investment objective. If the clients were to lose the services of these team members, the consequence could be material and adverse and could lead to the premature termination of the Firm's clients.

Anchor Investor and Investment

The Fund's Anchor Investment should not be construed as a recommendation to other prospective investors. The Anchor Investor is not responsible for the performance of the Fund, for the content, accuracy or completeness of this Brochure or any other marketing materials.

General Market Conditions

The success of a client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations or pandemics). These factors may affect the level and volatility of investments' prices and the liquidity of a client's investments.

Counterparty Risk

Certain assets of the Funds will be exposed to the credit and error risk of the custodians, dealers and brokers with which the Firm deals. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial or other difficulties that impair the operating capabilities or the capital position of the Clients. If any custodian or other financial institution holding Client assets were to become bankrupt or insolvent, it is possible that the Firm would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

Sovereign Default Risk

Economic disruptions could lead to increased volatility in equity and other markets and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions.

Cybersecurity

Cybersecurity refers to the body of technologies, processes, and practices designed to protect networks, systems, computers, programs, and data from attack, damage, or unauthorized access. A breach in the security of the Firm's systems, or those of a key service provider (e.g., the administrator), could result in significant interruptions in operations and may cause the loss or corruption of data and/or misappropriation of confidential information, exposing the Firm to civil liability, regulatory intervention and/or reputational damage. All Monterone employees undertake a periodic formal training programme and the Firm employs mitigation techniques via a fully hosted private cloud solution which includes a variety of security features including DUO, VMAirwatch, Global Relay and MimeCast.

This list does not purport to be a complete enumeration or explanation of the risks involved in an investment in the clients of Monterone. Investors and clients are advised to carefully review all relevant offering and/or governing documents.

Public Health Emergencies and Pandemics, such as COVID-19

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as the outbreak of COVID-19, have impacted market volatility. Future pandemics and public health emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Firm's clients. In addition, governmental mitigation actions may constrain or alter existing financial, legal and regulatory

frameworks in ways that are adverse to the investment strategy of the Firm and client investment objectives. In addition, the operations of the Firm itself may be significantly impacted, or even temporarily halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency. Similar disruptions may occur in respect of the Firm's service providers and counterparties, which could also negatively impact the clients.

Volatility Caused by World Events

In recent years, world events such as terrorism, natural disasters as well as political and social turmoil have resulted in substantial volatility in the financial markets, impacting the wider global economy as well as directly impacted countries. Similar events and resulting fluctuations could have a substantial impact on the performance of investments in client accounts.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser's or the integrity of the adviser's management.

Monterone has no material legal, regulatory or disciplinary events to disclose. This information has also been submitted as part of Monterone's Form ADV, and can be confirmed at www.adviserinfo.sec.gov.

Item 10 - Other Financial Industry Activities and Affiliations

Monterone and its employees are not registered, nor have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading adviser.

Both Monterone Partners LLP and Monterone Partners Fund (GP) Ltd, the general partner to the Monterone Partners Equity Fund LP, are notified to the National Futures Association as exempt commodity pool operators.

Neither Monterone nor any of its management persons have any other relationship or arrangement that is material to or causes a conflict with the Firm's advisory business or to its clients.

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

Code of Ethics and Fiduciary Duty

Monterone places our fiduciary responsibilities to each client first and foremost in all aspects of our business and has adopted a Code of Ethics (the "Code") that complies with SEC Rule 204A-1 under the Investment Advisers Act.

The Code sets forth standards of business conduct for the Firm and its employees, and is based on the principle that the Firm has a fiduciary duty to act in the best interests of its clients.

The Code sets forth record keeping requirements and the responsibilities of the Chief Compliance Officer (“CCO”) with respect to review of personal securities transactions, personal holdings and trading reports and monitoring compliance with the Code. The Code also outlines policies for sanctioning employees who violate the Code.

Employees must comply with federal securities laws, certify that they have read and understand the Code and report any violations of the Code to the CCO.

The Firm’s Code requires all employees to acknowledge that they have read and understand the Code and reaffirm such acknowledgment at least annually.

Personal Securities

Employees are required to submit to the CCO an initial and annual report listing their reportable securities and a quarterly report of transactions. All personal securities transactions, other than those specifically exempted by the Code, are required to be preapproved by the CCO, or his delegate. Employees are not permitted to transact in securities that are traded in the clients’ accounts.

Employees are also subject to restrictions on participating in initial public offerings and private placements and the right of the Firm to require them to disgorge any profits from a transaction deemed, after the event, to conflict with client interests.

Employees are prohibited from trading either in their personal accounts or client accounts on the basis of material non-public information.

Clients and investors may request a copy of the Code by contacting Monterone at the address or telephone number listed on the first page of this document.

Item 12 - Brokerage Practices

Trading

As a fiduciary, Monterone places client’s interests first and foremost. The Firm’s trading policies and procedures prohibit unfair trading practices and seek to avoid any conflicts of interests or resolve conflicts in the client’s favour. We follow written policies and procedures for trade documentation, reporting of trade order status, resolution of trade errors, trade allocation and trade aggregation. All Monterone employees must follow these policies and procedures which are tested by Compliance to ensure their effectiveness.

Brokerage Discretion and Selection

Monterone generally assumes responsibility for selecting brokers and dealers for the execution of securities transactions recommended on behalf of its clients. The Firm is not affiliated with any broker-dealers and does not execute securities transactions as a principal. Accordingly, the Firm selects unaffiliated third-party broker-dealers to execute all client transactions as permitted by applicable law. The Firm maintains a list of active/approved trading partners (ie counterparties) with whom the Firm may transact. Factors considered when selecting counterparties include experience, execution quality, integrity and operational efficiency. Monterone regularly reviews its counterparties according to these factors. Any new counterparty must be approved by the CCO and the CEO.

Best Execution

Monterone, as a fiduciary to its advisory clients, endeavours to seek best execution for client transactions, seeking to obtain not necessarily the lowest commission cost but the best overall qualitative execution. When determining best execution on a particular trade, Monterone's considerations include:

- Quality of execution
- The nature and character of the relevant markets on which the transactions will be executed
- The broker's execution experience, integrity and credit-worthiness
- Operational efficiency.

Monterone's CCO reviews best execution on a monthly basis to confirm adherence to the Firm's policies.

Research

While Section 28(e) of the Securities and Exchange Act of 1934 provides a safe harbor for discretionary investment managers to utilize "soft dollars" generated by client commissions to purchase certain research and brokerage services, Monterone, as a UK based fund manager subject to the MiFID2 regime, is not able to use "soft dollars" nor any commission sharing arrangements. Instead, the Firm pays directly for any external research used.

Trade Allocation

Monterone endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities among its clients. When the Firm determines that it would be appropriate and feasible for more than one client to participate in an investment opportunity, the Firm may place combined orders for all such clients simultaneously and, if the order is not filled at the same price, the Firm will average the prices paid over a particular trading day or such longer period consistent with the accumulation or disposition of a particular position. Similarly, if an order is placed on behalf of more than one client and the order cannot be fully executed under prevailing market conditions, the Firm may allocate the trade among different clients on a basis that the Firm deems equitable and in accordance with the allocation policy.

The Firm anticipates that the substantial majority of its trade executions will be allocated between clients in a pro-rata manner. Where the Firm determines that a pro rata allocation may not be in a client's best interest e.g. due to investment restrictions or the best interests of all clients, the Firm may, in its reasonable discretion, make an adjustment to the pro-rata allocation.

Block Trading of Client Orders

Monterone believes that blocking (aggregation) of client orders is prudent and necessary in order to fulfil Monterone's fiduciary duty to obtain the most favourable terms for each client. When aggregating client orders, management's considerations include but are not limited to the following:

- No advisory account is favoured over any other account. Clients participating in an aggregated order shall receive an average share price with other transaction costs shared on a pro-rata basis;
- The Firm does not aggregate transactions unless block trading is consistent with the Firm's duty to seek best execution and the terms of the Firm's investment management agreement with each client for which trades are being aggregated;

- Before placing a blocked trade, the Portfolio Manager specifies the participating client accounts and the intended allocation among those clients;
- If the aggregated order is filled in its entirety, it is allocated among clients in accordance with the terms of the order; if the order is partially filled, it is allocated on a pro-rata basis within the same terms of the order;
- The Firm's books and records separately reflect the orders for each client account that are aggregated, as well as the securities bought and sold for and held by that account; and
- The Firm receives no additional compensation of any kind as a result of the proposed aggregation.

Item 13 - Review of Accounts

Account Reviews

Account reviews are performed daily by the Portfolio Manager or a designee. Additional reviews are triggered by various factors including portfolio model changes, changes in client investment objectives, account deposits and withdrawals, volatile markets or notification from the operations team that the price target for individual securities has been reached. Among other things, reviewers evaluate the composition of the portfolios relative to the benchmark and review numerous risk statistics.

Monterone also performs reconciliations of its records of the securities and cash within its clients' accounts against the records of the custodians who actually hold the securities and cash. These reconciliations are performed by Monterone's operations personnel. At a minimum, positions and cash are reconciled on a monthly basis. To the extent any discrepancies are identified through the performance of these reconciliations, our operations personnel work with both our internal team and the custodian to resolve any such discrepancies. The statements and records of the custodian are the official books and records for the account.

Client Reporting

Monterone generally provide clients with reports not less frequently than quarterly and delivers audited financials to all investors in the Fund annually. Quarterly client reports include a portfolio appraisal, reconciliation against custodian, and performance returns. Additional or different information may be provided to clients as agreed by Monterone and the client.

We urge clients to carefully review these reports and compare them to the statements that they receive from the Fund Administrator or, in the case of the sub-advisory mandate and SMAs, the custodians. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 14 - Client Referrals and Other Compensation

Monterone does not compensate any party directly or indirectly for client referrals.

Item 15 – Custody

Monterone does not act as a qualified custodian for clients or hold any assets, but under SEC Rule 206(4)-2, is deemed as having custody of certain client assets. The Firm complies with the custody rule by maintaining all assets physically at third-party financial institutions, such as custodians and prime brokers. Additionally, the Fund is subject to an annual audit by an independent audit firm and audited financial statements are distributed to each investor within 120 days of each Fund's fiscal year end.

Monterone does not have custody of sub-advisory clients and SMAs. Monterone has no ability to move money or take fees without billing clients. Any cash movements from the accounts on the clients' behalf is undertaken by the Custodian. These clients receive account statements directly from the custodian and are advised to review those statements carefully and compare them to those provided by Monterone.

Item 16 – Investment Discretion

At the outset of the advisory relationship, Monterone requires clients to execute and deliver limited powers of attorney authorizing the Firm to act on behalf of the client, in such form as may be required by various brokerage firms, banks etc. Monterone obtains discretionary investment authority from the client through the execution of an 'investment management agreement' at the outset of the advisory relationship. Discretion is exercised in a manner consistent with stated investment objectives for the particular client account pursuant to the fiduciary duty and standard of care that we must discharge.

For SMA or sub-advisory clients that the Firm may take on, any investment guidelines and restrictions must be provided to Monterone in writing.

Throughout the portfolio management process, Monterone observes the investment policies and limitations imposed by each client.

Item 17 - Voting Client Securities

The Firm considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its clients to recognize the fiduciary responsibility it assumes in acting as investment adviser. The Firm also recognizes the need to exercise its proxy voting obligations with a view of enhancing its clients' long term investment returns. To help achieve its objectives, it is Monterone's policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of its clients.

Generally, all proxies are evaluated and voted on a case-by-case basis. The Firm, in all cases, will vote for any proposals that it believes will be most advantageous to our clients.

There may be times in which conflicts may arise between the interest of the client and the interest of the Firm. The Firm will always strive to address such conflicts in the best interests of the client. If a perceived material conflict of interest arises in connection with a proxy vote, Monterone may resolve such perceived material conflicts of interest as follows:

- The Firm may delegate the voting decision for such proxy proposal to an independent third party;
- The Firm may delegate the voting decision to an independent committee of partners, members, directors or other representatives of the client, as applicable;

- The Firm may inform the investors or account of the conflict of interest and obtain consent to (majority consent, in the case of a fund) vote the proxy as recommended by the Firm; or
- The Firm may obtain approval of the decision from Monterone's CCO.

The Firm does not take positions outside of the portfolios it manages and therefore does not anticipate a situation where there would be a conflict between maximizing long-term investment returns for clients and the interests of the Firm.

Upon request, Monterone will provide clients and investors with a copy of the proxy voting policies and a record of all proxy votes cast on behalf of the relevant client. If you would like to receive proxy information, please contact the Chief Compliance Officer at 0044 203 763 5403 or info@monteronepartners.com

Item 18 – Financial Information

Monterone has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.