

# Form ADV Part 2A: Firm Brochure

## SCG Asset Management, LLC

March 2, 2023

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This brochure (“Brochure”) provides information about the qualifications and business practices of SCG Asset Management LLC (“SCG”) and its affiliates. If you have any questions about the contents of this Brochure, please contact SCG at 610-467-5020 or [suzanne@vigilantllc.com](mailto:suzanne@vigilantllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about SCG is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SCG Asset Management LLC's CRD # is 311843.

SCG is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

This summary describes the material changes to this Brochure since the last filing of this brochure on March 3, 2022:

In February 2023, Suzanne Hammer replaced Michael Swallow as the Chief Compliance Officer.

This Brochure also contains clarifying changes and routine updates to certain information and we do not believe that these revisions constitute material changes or updates since we last filed an annual update.

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## **Item 4: Advisory Business**

SCG is an investment advisory firm organized as a limited liability company under the laws of the State of New York. SCG was formed in October 2020 and is a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). SCG is owned by the parties as described in SCG Asset Management LLC Form ADV Part 1 Schedule A Direct Owners and Schedule B Indirect Owners. Gregory H. Sachs serves as Chief Executive Officer and Marc Paley and Ian Merrill serve as Co- Presidents (collectively, the “Principals”).

SCG is the investment manager (the “Investment Manager”) to the Alternative Strategies Fund (“ASF”). ASF, a closed-end interval fund, incorporates quality alternative products and allows clients to access these investments with lower minimums and no accreditation. ASF’s investment objective is to seek attractive risk-adjusted returns with low to moderate volatility and low correlation to the broader markets through a concentrated multi-strategy alternative investment approach with an emphasis on income generation.

ASF is comprised of a diversified portfolio of alternative investments primarily consisting of structured notes. In addition, ASF may invest in master limited partnerships (“MLP’s”), real estate investment trusts (“REITS”), private placements in real estate partnerships, convertible bonds, business development companies, and swap agreements. For information about the material risks associated with the ASF’s investment strategies, see the fund’s prospectus. Prospectuses are available at [www.ltafx.com](http://www.ltafx.com) or by contacting the fund administrator toll-free at 1-833-860-1407.

SCG, as Investment Manager, has full discretion in trading on behalf of ASF (as provided in the ASF prospectus).

Separately managed accounts can engage SCG to provide discretionary or non-discretionary investment management services.

SCG does not participate in “wrap fee” programs.

As of December 31, 2022, SCG managed \$129,627,126 in regulatory assets under management, of which \$17,353,601 was managed on a discretionary basis, and \$112,273,525 was managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### SCG Fees

SCG typically receives compensation in the form of fees based on a percentage of assets under management. In certain situations, SCG may agree to a different fee structure. Fees may vary from the standard fee schedules depending on the nature of the services rendered, special requirements of the account, or based on negotiations.

### Regulated Investment Company:

Investment advisory fees payable to SCG are stated in ASF’s prospectus. ASF management fee is calculated and payable monthly at the annual rate of 1.5% of the average daily value of the ASF’s

daily net assets.

The incentive fee is calculated and payable quarterly in arrears based upon ASF's "pre-incentive fee net investment income" for the immediately preceding quarter, and is subject to a "hurdle rate," expressed as a rate of return on ASF's "adjusted capital," equal to 1.50% per quarter (or an annualized hurdle rate of 6.0%), subject to a "catch-up" feature. For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income accrued during the calendar quarter, minus ASF's operating expenses for the quarter (including the management fee, expenses reimbursed to SCG for any administrative services provided by SCG and any interest expense and distributions paid on any issued and outstanding preferred shares, but excluding the incentive fee). "Adjusted capital" means the cumulative gross proceeds received by ASF from the sale of ASF's shares (including pursuant to ASF's distribution reinvestment plan), reduced by amounts paid in connection with purchases of ASF's shares pursuant to ASF's share repurchase program.

#### Other Expenses

##### Regulated Investment Company:

ASF pays expenses incurred in the operation of the fund including, among other things, (i) expenses for legal and independent accountants' services, (ii) costs of printing proxies, share certificates, if any, and reports to shareholders, (iii) charges of the custodian and transfer agent in connection with ASF's dividend reinvestment policy, (iv) fees and expenses of independent Trustees, (v) printing costs, (vi) membership fees in trade association, (vii) fidelity bond coverage for the fund's officers and Trustees, (viii) errors and omissions insurance for ASF's officers and Trustees, (ix) brokerage costs, (x) taxes, (xi) costs associated with ASF's quarterly repurchase offers, (xii) servicing fees and (xiii) other extraordinary or non-recurring expenses and other expenses properly payable by the fund. The expenses incident to the offering and issuance of shares to be issued by ASF will be recorded as a reduction of capital of ASF attributable to the shares.

Class A and Class C shares are subject to a monthly shareholder servicing fee at an annual rate of 0.25% of the average daily net assets of ASF attributable to the respective share class.

SCG and ASF have entered into an expense limitation and reimbursement agreement under which SCG has agreed contractually to waive its fees and to pay or absorb the ordinary operating expenses of the fund (excluding front-end or contingent deferred loads, taxes, leverage interest, borrowing interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividend expense on securities sold short, acquired (underlying) fund fees and expenses or extraordinary expenses such as litigation), to the extent that they exceed 3.00%, 3.65% and 2.75% per annum of the fund's average daily net assets attributable to Class A, Class C shares and Class I shares, respectively.

For additional information regarding brokerage practices, please refer to Item 11 of this Brochure.

Neither SCG nor any of its supervised persons receives any compensation for the sale of securities or other investment products.

## Item 6: Types of Clients

SCG's investment advisory clients include an interval fund and separately managed accounts. Investors in ASF and separately managed account clients may include, but are not limited to, high-net-worth individuals, pension plans (corporate, state, and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds of funds), trusts, estates, or charitable organizations, and corporate or business entities.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The minimum initial investment for ASF by a shareholder for Class A shares is \$5,000, Class C shares is \$2,500 and Class I is \$1,000,000. Subsequent investments may be made with at least \$100 under ASF's automatic investment program. Subsequent investment not made pursuant to the automatic investment program must be made with at least \$1,000. ASF is offering to sell its shares, on a continual basis, through its distributor.

## **Item 7: Methods of Analysis, Investment Strategies and Risk of Loss**

The descriptions set forth in this Brochure of specific advisory services that we offer to ASF, and separately managed accounts (each a "Portfolio" and collectively, the "Portfolios"), and investment strategies pursued and investments made by us on behalf of each Portfolio, 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 each Portfolio's investment objectives and guidelines as set forth in their respective offering and governance documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Portfolio will be achieved.

SCG and ASF seek to provide investors with attractive risk adjusted returns by taking advantage of volatility in the equity markets. Our aim is to construct a diversified portfolio of structured products in which the components do not exhibit significant correlation and do not draw down losses simultaneously. The strategy centers around the use of structured products as a prudent way to earn significant coupon yields while minimizing downside risk through structure and diversification. ASF will seek to invest in a basket of short-term structured products, diversified across industry, company, observation dates, maturity/expiration dates, barrier levels, investment-grade issuers, etc.

All investments, whether through ASF or a separately managed account, entail substantial risks and investors should be prepared to bear the loss of the amount invested. The following risks are not intended to be a complete list or explanation of the risks involved in an investment in the Portfolios or strategies advised by SCG. Each prospective investor should carefully review the relevant offering and governing documents before deciding to invest with SCG.

### Risk of Loss

All investments risk the loss of capital. No guarantee or representation is made that SCG's investment program will be successful, and investment results may vary substantially over time. Careful consideration should be given to, among others, the risk factors described in this section.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the investment program. These risk factors include only those risks we believe

to be material, significant or unusual and that relate to particular, significant investment strategies or methods of analysis employed by us. For additional risk factors, including risk factors relating to ASF, investors should refer to the prospectus for ASF.

*Past Performance.* SCG's investment program is speculative and may entail substantial risk, and there can be no assurance that a Portfolio will achieve its investment objective. The past investment performance of such Portfolio, the Investment Manager, or the Principals may not be indicative of the future results of an investment in such program.

*Investment Judgment.* The profitability of a significant portion of SCG's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that SCG will be able to predict accurately these price movements. With respect to the investment strategy utilized by SCG, there is always some, and occasionally a significant, degree of market risk.

*Use of Leverage.* SCG may leverage ASF's portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to investors if a portfolio earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to investors if a portfolio fails to earn as much on such incremental investments as it pays for such funds. In the event that ASF leverages its portfolio, fluctuations in the market value of such portfolio will have a significant effect in relation to the portfolio's capital and the risk of loss and the possibility of gain will each be increased. In addition, when ASF utilizes leverage, the associated interest will be an expense of ASF and therefore affect its operating results. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the ASF portfolio. ASF may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to such portfolio.

*Reliance on Key Persons.* SCG and its investment program are substantially dependent on the services of the Principals and certain direct owners. In the event of the death, disability, departure, or insolvency of the Principals, or the complete transfer of their interests in SCG, SCG's clients may be adversely affected. The Principals devote such time and effort as they deem necessary for the management and administration of ASF and the separately managed accounts. However, the Principals may engage in various other business activities in addition to managing the Portfolios, and consequently, they may not devote their complete time to SCG business.

*Retention and Motivation of Employees.* The success of SCG is dependent upon the talents and efforts of highly skilled individuals employed by SCG and the ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that SCG's investment professionals will continue to be associated with SCG throughout the life of the accounts managed by SCG and the failure to attract or retain such investment professionals could have a material adverse effect on the Portfolios and the investors' investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of SCG's investment professionals could be replaced.

*Redemptions Limited.* ASF is a closed-end investment company structured as an "interval fund" and designed for long-term investors. Unlike many closed-end investment companies, ASF's shares are

not listed on any securities exchange and are not publicly traded. There is currently no secondary market for the shares and ASF expects that no secondary market will develop. Limited liquidity is provided to shareholders only through ASF's quarterly repurchase offers for no less than 5% of the shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. ASF's investments are also subject to liquidity risk. Liquidity risk exists when particular investments of ASF would be difficult to purchase or sell, possibly preventing ASF from selling such illiquid securities at an advantageous time or price, or possibly requiring ASF to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.

*Structured Notes.* A structured note is an unsecured debt security of another issuer, most often issued by an investment bank, which uses derivatives to create a return. Therefore, an investment in structured notes will bear the risk that the issuer becomes insolvent and cannot pay back the note. Structured notes are not secured by assets of the issuer. Structured notes are generally not freely tradable and, therefore, SCG may not be able to sell a structured note if it chooses to sell off its investment in a specific note. Structured notes are generally intended to deliver above market returns while limiting downside risk. SCG intends to utilize its proprietary trading principles to design unique structured notes. Such notes may have one to five-year maturities, have very limited marketability, if any, and are highly illiquid.

*Risks of Investments in Options.* Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception of the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited because the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price that may, upon exercise of the option, be significantly different from the market value.

*Put and Call Options on Specific Investments.* The Portfolios may purchase exchange-listed and OTC put and call options on specific investments. In addition, the Portfolios may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investment at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investment at a stated exercise price at any time prior to the expiration of the option. Options written may be wholly or partially covered (meaning that the Portfolios hold an offsetting position) or uncovered. Options on specific investments may be used by a Portfolio to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Portfolios without requiring a sale of the investments.

Use of put and call options may result in losses, force the sale or purchase of investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of



call options) current market values, limit the amount of appreciation a Portfolio can realize on their investments or cause a Portfolio to hold an investment they might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold. The use of uncovered option writing techniques may entail greater risks of potential loss than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Portfolio realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent that the call option position was uncovered.

*Other Derivative Investments.* Derivatives include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies, or indices. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. There are a number of other risks, however, associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is consummated, a relatively small adverse market movement may expose a Portfolio to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts.

*Regulation in the Derivatives Industry.* There are many rules related to derivatives that may negatively impact Portfolios, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter (“OTC”) instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional “know your counterparty” obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of SCG and the Portfolios, and increase the amount of time SCG spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Portfolios.

These regulations may also result in forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants (“FCMs”)), as the use of other parties may be more efficient from a regulatory perspective. However, this could limit the Portfolios trading activities, create losses, preclude the Portfolios from engaging in certain transactions or prevent the Portfolios from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or “EMIR”) and similar regulations globally. Though many rules and regulations have been finalized, others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the

Portfolios:

*Reporting.* Most swap transactions have become subject to anonymous “real time reporting” requirements, such that information relating to transactions entered into by the Portfolios will become visible to the market in ways that may impair the Portfolios’ ability to enter into additional transactions at comparable prices or could enable competitors to “front run” or replicate the Portfolios’ strategies.

*Central Clearing.* In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through central clearinghouses.

While such clearing requirements may be beneficial in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Portfolios would be exposed under non-cleared derivatives), the Portfolios could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Portfolios may not be able to hedge their risks or express an investment view as well as they would have been able to had they used customizable derivatives available in the over-the-counter markets. In addition, the Portfolios may have to split their derivatives portfolios between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the-counter positions, and which could lead to increased costs.

Another risk is that the Portfolios may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Portfolios’ FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Portfolios to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Portfolios. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require a fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Portfolios. In addition, clearinghouses may not allow a fund to portfolio-margin their positions, which may increase the Portfolios’ costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Portfolios would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Portfolios’ FCM, subjecting the Portfolios to the risk that the assets of the FCM are insufficient to satisfy all of the FCM’s payment obligations, leading to a payment default. If a clearinghouse or FCM were to sustain large losses or fail, there could be a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force

significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

*Highly Volatile Instruments.* The prices of derivative instruments, including options, can be highly volatile. Price movements of forward contracts and other derivative contracts in which a Portfolio's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Portfolios also are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

*Debt Securities.* The Portfolios may invest in unrated or low-grade debt securities, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Portfolios may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all, or a significant portion of which may be secured on substantially all of that issuer's assets. The Portfolios may invest in debt securities, which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by the Portfolios, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by the Portfolios, although SCG will consider such event in its determination of whether the Portfolios should continue to hold the securities. The market value of securities in lower-rated categories is more volatile than that of higher quality securities. In addition, the Portfolios may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on the Portfolios' ability to dispose of such securities and may make it more difficult for the Portfolios to obtain accurate market quotations for purposes of valuing the Portfolios and calculating the value of its net assets.

*Model Risk.* SCG employs numerous proprietary models when analyzing investment decisions. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people, or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. There is no guarantee that the use of these models will result in effective investment decisions for the Portfolios.

*Liquidity of Investments.* A Portfolio may acquire illiquid investments, which are often difficult to

dispose of quickly. In addition, investments that were once liquid may become illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. In that event, the Portfolios' ability to respond to market movements may be impaired and the Portfolios may experience adverse price movements upon liquidation of its investments. Illiquid or thinly traded investments comprise a substantial portion of the Portfolios.

Formation of New Funds. SCG may, under certain conditions, establish additional investment vehicles which may be competitive with the Portfolios, and there can be no assurance that the creation of such additional funds will not give rise to conflicts of interest between the investors in the respective Portfolios.

Diversification. Since the Portfolios will not necessarily be widely diversified across types of securities, the Portfolios may be subject to more rapid changes in value than would be the case if they were required to maintain a wider diversification among companies, securities, and types of securities. This limited diversification may result in the concentration of risk, which, in turn, could expose the Portfolios to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Trading Errors. Absent anything to the contrary in the respective constituent document, such fund (not SCG) will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct, recklessness, or gross negligence of SCG or any of their indemnitees or covered persons, or the inability to waive or limit such losses under applicable law. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume of transactions executed by SCG and its affiliates on behalf of its clients, investors should assume that trading errors (and similar errors) will occur and that such fund will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of SCG or its affiliates.

Losses from trade errors for ASF that are due to mistakes will be reimbursed by SCG, regardless of whether the mistake was in good faith or due to gross negligence or willful misconduct.

Nature of Investments. SCG has broad discretion in making investments for ASF. Investments generally consist of securities and other assets that may be affected by business, financial market, or legal uncertainties. There can be no assurance that SCG will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of ASF's activities and the value of its investments. In addition, the value of ASF may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that ASF's investment objective will be achieved.

Risks of Investments in Securities Generally. All investments made by the Portfolios risk the loss of capital. No guarantee or representation is made that the Portfolios' investment program will be successful, they will achieve their targeted returns, or that there will be any return of capital invested, and investment results may vary substantially over time. The investment program involves, without limitation, risks associated with limited diversification, leverage, margin transactions, volatility, tracking risks in hedged positions, credit deterioration or default risks, systems risks and other risks

inherent in the Portfolios' activities. Certain investment techniques can, in certain circumstances, magnify the impact of adverse market moves to which a Portfolio may be subject. In addition, the investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Portfolios may invest their assets.

Market Conditions. The Portfolios, their prime broker(s) and/or other financial institutions' financial condition may be adversely affected by market conditions and they may become subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on the Portfolio's business and operations. Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Portfolios ability to achieve their investment objective with respect to any particular investment and/or the entire portfolio, which could have a material adverse effect on the Portfolio's overall return objectives.

Equity Securities Generally. The value of equity securities of public and private, listed, and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Portfolios may suffer losses if they invest in equity instruments of issuers whose performance diverges from SCG's expectations or if equity markets generally move in a single direction and the Portfolios have not hedged against such a general move. The Portfolios also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies making initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and thus for the value of the Portfolios' interests.

Short Sales. The Portfolios may enter into transactions, known as "short sales," in which they sell a security they do not own in anticipation of a decline in the market value of the security. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. SCG may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, SCG might have difficulty purchasing securities to meet short-sale delivery obligations, and might have to sell portfolio securities of the Portfolios to raise the capital necessary to meet short sale obligations at a time when fundamental investment considerations would not favor such sales.

Credit Default Swaps. Credit default swaps can be used to implement SCG's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Portfolios may sell credit default protection in which they receive a premium to take on the risk. In such an instance, the obligation of the Portfolios to make payments

upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Portfolios may also buy credit default protection with respect to a referenced entity if, in SCG's judgment, there is a high likelihood of credit deterioration. In such instance, the Portfolios will pay a premium regardless of whether there is a credit event.

*Futures Contracts.* The value of futures contracts depends upon the price of the securities (e.g., such as commodities) underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which positions trade or of their clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Portfolios from promptly liquidating unfavorable positions and subject the Portfolios to substantial losses or prevent them from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

*Non-U.S. Futures Transactions.* Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Portfolios may not be afforded certain of the protections that apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time that the order is placed and the time that the foreign futures contract is liquidated or the time that the foreign option contract is liquidated or exercised.

*Restricted Securities.* Clients may invest in securities that are not registered under the Securities Act of 1933, including securities representing interests in private equity and hedge funds ("restricted securities"). Restricted securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As a result of the absence of a

public trading market, privately placed securities are less liquid and more difficult to value than publicly traded securities. To the extent that privately placed securities may be resold in privately negotiated transactions, the prices realized from the sales, due to illiquidity, could be less than those originally paid by a client or less than their fair market value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed securities held as assets are required to be registered under the securities laws of one or more jurisdictions before being resold, a client may be required to bear the expenses of registration.

*Private Equity and Hedge Funds.* A client may invest in securities representing limited partnership interests (or their equivalent) in private equity and hedge funds. Such investments are generally subject to the risks described above under “Restricted Securities,” including with respect to restrictions on transfer or resale, the lack of liquidity to which such investments may be subject and the effect of such illiquidity on valuations, and the loss of certain protections offered under the securities laws to holders of registered securities. In addition to the foregoing, a client’s investments in hedge funds may be subject to other risks, including, without limitation, the risk that restrictions on redemptions may prevent a client from exiting a hedge fund investment during periods of market stress. Investments in private equity and hedge funds are speculative and may subject a client to the risk that the strategy chosen by the fund’s investment manager to achieve the fund’s objective will not be successful. As a limited partner (or its equivalent), the client will have little or no control over the management of a private equity or hedge fund in which it is invested or the investment decisions of the fund’s investment manager.

*Counterparty Risk.* The counterparty risk lies with each party with whom the respective Portfolio contracts for making derivative investments (a “Counterparty”). In the event of a Counterparty’s default, such Portfolio will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive. In addition, there can be no assurance that SCG will be able to establish or maintain any relationships with a particular Counterparty. An inability to establish or maintain such relationships could limit such Portfolio’s trading activities, create losses, preclude such Portfolio from engaging in certain transactions or prevent such Portfolio from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on such Portfolio business due to such Portfolio’s reliance on such Counterparties.

*Counterparty Creditworthiness.* In addition to the exchange-traded and exchange-cleared options contracts, the Portfolios may also invest in the OTC market in contracts that involve dealing with Counterparties and their ability to meet the terms of the contracts. In particular, the Portfolios may enter into repurchase agreements, forward contracts, and swap arrangements, each of which expose the Portfolios to credit risk to the extent that the Counterparty defaults on its obligations to perform under the relevant contract. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the respective Portfolio enters into a contract directly with dealer Counterparties, which may expose such Portfolio to the risk that a Counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the Counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, such Portfolio may have a concentrated risk in a particular Counterparty, which may mean that if such Counterparty were to become insolvent or have a liquidity problem, losses would be greater than if

such Portfolio had entered into contracts with multiple Counterparties. Certain OTC derivative contracts require that such Portfolio post collateral.

If there is a default by a Counterparty, the respective Portfolio under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs that could result in the net asset value of such Portfolio being less than if such Portfolio had not entered into the transaction. Furthermore, there is a risk that any of such Counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of such Portfolio's securities from such Counterparty or the payment of claims therefor may be significantly delayed and such Portfolio may recover substantially less than the full value of the securities entrusted to such Counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceedings and may impact whether such Portfolio may terminate its agreement with an insolvent Counterparty.

Collateral that such Portfolio posts to its Counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a Counterparty were to become insolvent, the respective Portfolio may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the respective Portfolio may use Counterparties located in jurisdictions outside the United States. Such local Counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to such Portfolio's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a Counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on such Portfolio and its assets. Investors should assume that the insolvency of any such Counterparty would result in significant delays in recovering such Portfolio's securities from or the payment of claims therefor by such Counterparty and a loss to such Portfolio, which could be material.

Coronavirus Risks. In December 2019, a novel strain of coronavirus (known as COVID-19) surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities throughout the world. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. The extent to which COVID-19 may negatively affect the operations of SCG and the performance of the Portfolios is difficult to predict. Any potential impact on such operations and performance will depend largely on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could adversely affect the performance of the Portfolios.

Cyber Security Breaches and Identity Theft. As part of its business, SCG processes, stores, and transmits large amounts of electronic information, including information relating to the transactions of the Portfolios and personally identifiable information of the investors. Similarly, service providers of SCG, the Portfolios, and especially the administrator, may process, store, and transmit such information. SCG's information and technology systems may be vulnerable to damage or



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

In addition, the techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network-connected services provided by third parties to SCG may be susceptible to compromise, leading to a breach of SCG's network. SCG's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Online services provided by SCG to the investors may also be susceptible to compromise. Breach of SCG's information systems may cause information relating to the transactions of the Portfolios and personally identifiable information of the investors to be lost or improperly accessed, used, or disclosed. The service providers of SCG and the Portfolios are subject to the same electronic information security threats as SCG. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Portfolios and personally identifiable information of the investors may be lost or improperly accessed, used, or disclosed. The loss or improper access, use or disclosure of SCG's or the Portfolios' proprietary information may cause SCG or the Portfolios to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention, or reputational damage. Any of the foregoing events could have a material adverse effect on the Portfolios and the investors' investments therein.

*Investment and Due Diligence Process.* Before making investments, SCG conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, SCG may be required to evaluate important and complex business, financial, tax, accounting, and legal issues. When conducting due diligence and making an assessment regarding an investment, SCG relies on the resources reasonably available to it, which in some circumstances, whether or not known to SCG at the time, may not be sufficient, accurate, complete, or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

*Increased Regulatory Oversight.* Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on SCG, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert SCG's time, attention, and resources from portfolio management activities to responding to inquiries, examinations, and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may

involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

*Systems and Operational Risks Generally.* The Portfolios depend on SCG to develop and implement appropriate systems for the Portfolios' activities. The Portfolios rely heavily and on a daily basis on financial, accounting, and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor their portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Portfolios' activities. In addition, the Portfolios rely on information systems to store sensitive information about the Portfolios, SCG, their affiliates and the investors. Certain of the Portfolios' and SCG's activities are dependent upon systems operated by third parties, including prime brokers, the administrator, market counterparties and other service providers, and SCG may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by SCG, prime brokers, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated, or accounted for. Disruptions in the Portfolios' operations may cause the Portfolios to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention, or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Portfolios and the investors' investments therein.

*Other Risks.* The securities purchased by the Portfolios and the ability of the companies which issued such securities to pay their debt on schedule could be adversely affected by interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, or specific developments within such companies. The investments of the Portfolios are also subject to inflation risks associated with all investments.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Portfolios. Prospective investors should read this entire Form ADV Part 2A and consult with their own advisers before deciding to invest in the Portfolios. In addition, as the investment program of the Portfolios develop and change over time, an investment in the Portfolios may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

In view of the foregoing considerations, an investment in interests is suitable only for investors who are capable of bearing the relevant investment risks.

## **Item 8: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither SCG nor any of its officers, directors, employees, or other management persons have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

## **Item 9: Other Financial Industry Activities and Affiliations**

Neither SCG nor any of its directors, officers or principals is registered as a broker-dealer or a

representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither SCG nor any of its directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of the foregoing entities.

SCG does not recommend or select other investment advisers for its clients.

## **Item 10: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Pursuant to Rule 204A-1 under the Advisers Act, SCG has adopted a written Code of Ethics (the “Code”) predicated on the principle that SCG owes a fiduciary duty to its clients. The Code is designed to identify and properly disclose, mitigate and/or eliminate applicable conflicts of interest and is applicable to all officers, directors, members, partners, or employees of SCG (the “Employees”). SCG requires its Employees to act in the clients’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper. “Access Persons” are all Supervised Persons of SCG who have access to non-public information regarding clients’ securities transactions, or who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public. “Supervised Persons” are any of your officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on your behalf and is subject to your supervision or control. The Code, among other things, provides for the following:

- all Access Persons are subject to pre-clearance procedures for certain personal securities transactions;
- all Access Persons are prohibited from trading, either personally or on behalf of others, in securities except in situations where SCG believes such personal investments will not create a conflict of interest between SCG, its Employees and its clients;
- all Access Persons are required to submit regular reports of certain holdings and security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest;
- Employees are required to certify annually that they will follow SCG’s Code, including its insider trading policies and procedures; and
- Independence in the investment decision-making process must be maintained at all times.
- A copy of SCG’s Code is available upon request.

SCG and its affiliates and Access Persons do not buy or sell for client accounts securities in which they have a material financial interest.

Generally, Access Persons are not permitted to invest in securities that would be an appropriate

investment for SCG's clients because of investment parameters, guidelines, or restrictions (e.g., market capitalization, trading volume or other liquidity measures) that may be applicable to such clients. However, in limited circumstances, the Chief Compliance Officer may permit Employees to invest in the same securities that they recommend to clients provided that all such trades are executed in a manner consistent with SCG's fiduciary obligations to its clients. Additionally, SCG's Chief Compliance Officer must review and pre-approve certain types of personal securities trades made by Access Persons and may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper.

### Co-Investment Opportunities

SCG and/or its affiliates may, from time to time, offer one or more investors in the Portfolios and/or other third-party investors the opportunity to co-invest with a client account in particular investments. SCG and its affiliates are not obligated to arrange co-investment opportunities, no investor will be obligated to participate in such an opportunity, and SCG may offer co-investment opportunities only to certain of the persons referenced above in its sole discretion. SCG and its affiliates have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular investor and may allocate co-investment opportunities to any of SCG's clients or to third parties. If SCG determines that an investment opportunity is too large for a client account, SCG and its affiliates may, but will not be obligated to, make proprietary investments therein. SCG or its affiliates may receive fees and/or allocations from co-investors, which may differ as among co-investors and may differ from the fees and/or allocations borne by its clients. Other terms and rights applicable to such co-investors (including without limitation, withdrawal rights, information rights and the terms related to the particular structure of any co-investment vehicle) may also differ from the terms and rights applicable to SCG's other clients as well as among co-investors.

## **Item 11: Brokerage Practices**

Transactions for the Portfolios are allocated to broker-dealers on the basis of best execution available in light of the overall quality of brokerage, prime brokerage, financing, and other services provided. SCG is generally authorized to determine the broker dealer to be used for each securities transaction for its Portfolios. In selecting broker dealers to execute transactions, SCG will consider the following factors, among others: the financial stability and reputation of the broker, SCG's experience with the broker, investment strategies, special execution capabilities, clearance, settlement, custody, and other services provided by such broker. SCG need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. SCG does not request or permit investors to direct brokerage. Each Portfolios' securities transactions generate brokerage commissions and other compensation, all of which the respective Portfolio, not SCG, will be obligated to pay. SCG has complete discretion in deciding what broker dealers each client will use and in negotiating the rates of compensation a client will pay. In addition to using brokers as "agents" and paying commissions, ASF may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making

process. Research and brokerage services within Section 28(e) may include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; analyses concerning specific securities, companies or sectors; data services (including services providing market data, company financial data and economic data); services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer); and trading software operated by a broker-dealer to route orders. SCG does not receive research or other products or services or “soft dollar benefits” from a broker-dealer or a third party in connection with securities transactions. SCG personnel or affiliates may speak at conferences and programs for potential investors interested in investing in private funds or managed accounts. Through such capital introduction events, prospective investors have the opportunity to meet with SCG personnel. Neither SCG nor the Portfolios compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. These events and other services (including, without limitation, capital introduction and business consulting services and technology) provided by a prime broker may be a factor in deciding whether to use such prime broker in connection with brokerage, financing, and other activities of the Portfolios. SCG does not have any directed brokerage agreements. Also, it is not expected that opportunities to aggregate the purchase or sale of securities will occur frequently. However, when such opportunities arise, SCG intends to trade such securities on an aggregated basis and allocate such securities among its participating clients on a pro rata basis at the average price.

## **Item 12: Review of Accounts**

SCG’s personnel regularly review the Portfolios’ current investments and discuss potential investment opportunities. SCG has systems that allow its personnel to monitor portfolio investments by various metrics, which may include security concentration, geographic exposure, sector exposure, liquidity, beta, value at risk and leverage.

## **Item 13: Client Referrals and Other Compensation**

SCG may pay any person for client referrals. In the event of a referral arrangement agreed upon by SCG and a third-party solicitor for referral of an investor or separately managed account, SCG would require the third-party solicitor to provide a written disclosure document to the referred client or investor. Referred clients and investors should ensure that they receive and read the disclosure document from the third-party solicitor.

## **Item 14: Custody**

While it is SCG’s practice not to accept or maintain physical possession of any of the Portfolios’ assets, SCG is deemed to have custody of ASF’s assets under Rule 206(4)-2 of the Investment Advisers Act because it has the authority to access, to withdraw, transfer and otherwise control and to deduct fees and expenses from ASF’s accounts.

In order to comply with Rule 206(4)-2, SCG utilizes the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all of its clients’ assets. SCG also ensures that the qualified custodian maintains these funds in accounts that contain only clients’ funds and securities.

### **Item 15: Investment Discretion**

SCG maintains the authority to manage ASF's assets on a discretionary basis in accordance with the terms set forth in the governing documents. SCG entered into an investment management agreement with ASF, pursuant to which SCG was granted discretionary trading authority. SCG observes the investment policies, limitations, and restrictions of the clients for which it advises.

### **Item 16: Voting Client Securities**

SCG exercises voting rights on behalf of ASF.

### **Item 17: Financial Information**

A registered investment advisor is required to provide clients with certain financial information or disclosures about its financial condition in certain instances. SCG does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.