Alpha Leonis Partners AG

FinSA Client Information Brochure

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July 2022

Swiss Financial Services Act ("FinSA") Client Information

Based on the legal requirements of Art. 8 of the Swiss Federal Financial Services Act, we would like to supply you with this information sheet which provides an overview of Alpha Leonis Partners AG (hereinafter referred to as the "Company" or "ALP") and its services.

A. Company information

Address

Alpha Leonis Partners AG
Löwenstrasse 28
8001 Zurich
+41 58 100 58 58
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www.alphaleonispartners.com

Background

Alpha Leonis Partners AG is a Swiss corporation based in Zurich, Switzerland. The Company was founded in August 2017 and commenced its operations in November 2017. As an independent investment advisory, licensed as portfolio manager and supervised by the Swiss Financial Market Supervisory Authority ("FINMA"), ALP is active across private and capital markets.

The Company was created with a vision of providing prudent stewardship and custom strategic investment advisory solutions for its clients' assets. ALP's client base consists exclusively of professional clients such as foundations, endowments and corporations. ALP provides its services to clients based in various jurisdictions, including Switzerland, Liechtenstein, Cayman Islands, and the United States.

The Firm is under a shared ownership of Rising Tide Foundation ("RTF") and David B. Pinkerton. RTF is a private charitable foundation incorporated under the Swiss Code and domiciled in Schaffhausen, Switzerland. RTF is also a client of ALP's. Mr. Pinkerton has been the CEO of ALP since its inception in 2017.

In January 2021, the Company set up a fully owned subsidiary in the USA, Alpha Leonis Partners LLC ("ALP LLC") which is based in New York City. ALP LLC is registered as a Registered Investment Advisor with the SEC. As of the date of this document, ALP's team consists of 14 full-time employees.

Supervisory authority and audit firm

ALP obtained the FINMA license as portfolio manager pursuant to Art. 17 FinIA on December 16th, 2021.

The Company is supervised by the FINMA-approved supervisory organization AOOS. The auditor of the Company for both financial reporting and compliance with the Swiss financial markets regulations is Grant Thornton AG. The address of the supervisory organization and the auditor can be found below.

Supervisory organization: AOOS (Schweizerische Aktiengesellschaft für Aufsicht)
Clausiusstrasse 50
8006 Zurich
+41 44 215 98 98
info@aoos.ch
www.aoos.ch

Audit Firm: Grant Thornton AG
Claridenstrasse 35
8027 Zurich
+41 43 960 71 71
info@ch.gt.com
www.grantthornton.ch

<u>Ombudsman</u>

Alpha Leonis Partners is affiliated with the independent ombudsman office of OFS Ombud Finance Switzerland, which is recognized by the Swiss Federal Department of Finance. Disputes concerning legal claims between the client and the financial services provider should be settled by an ombudsman's office, if possible, within the framework of a mediation procedure. The address of the ombudsman is stated below.

OFS Ombud Finance Switzerland
16 Boulevard des Tranchées
1206 Geneva
+41 22 808 04 51
contact@ombudfinance.ch
www.ombudfinance.ch

B. Information on the offered financial services

Alpha Leonis Partners offers portfolio-based and transaction-based investment advisory services to its clients.

In the case of a transaction-based investment advisory mandate with the financial institution, a personal recommendation relating to individual financial instruments is provided to the client. The decision to buy or sell always remains ultimately with the client.

ALP also acts as the portfolio manager to a collective investment scheme under the de minimis rules. For further information on the collective investment scheme, the general risks, specifications, and operating procedures, please refer to the relevant fund's offering documentation which is available upon request.

Alpha Leonis Partners does not guarantee any yield nor performance of investment activities. The investment activity can therefore lead to an appreciation or a depreciation in value.

ALP's range of advisory services can be described in terms of the following three pillars:

1. *Focused Private Equity Programs;*
2. *Specialized Liquidity Management; and*
3. *Outsourced CIO Services.*

Services provided by ALP typically comprise of the following elements:

- *Asset Allocation:* ALP conducts studies to determine the target percentage allocation to various asset categories and its minimum to maximum ranges taking into account client's investment objectives, risk tolerances, special or unique circumstances, and investment time horizon;
- *Investment Policy Statement (IPS):* ALP helps develop an IPS for each client (or, in the case of an existing policy statement, reviews it and recommends changes where appropriate). This IPS provides guidance for the management and oversight of client's assets;
- *Sourcing:* ALP conducts comprehensive market research and identifies suitable investment opportunities in various asset categories, in accordance with the client's IPS;
- *Due Diligence:* ALP conducts in-depth due diligence on all potential investment opportunities. The proprietary due diligence process involves in-person meetings with all key people relevant for an investment (management team of a target company, deal sponsor, fund manager, etc.). A comprehensive Due Diligence Report is produced and made available to the client;
- *Presentation of investment:* ALP presents investment opportunities to the client in a formal meeting using its Due Diligence Reports and answers all the questions a client might have about the new potential investment;
- *Disposition / re-balancing:* ALP makes recommendations for the potential disposition or sale of investment positions held by the client;
- *Portfolio Monitoring and Reporting*: ALP monitors client's portfolio on a permanent basis and prepares comprehensive periodic exposure and performance reports, which can be tailor-made to client's needs. ALP has the capacity to provide aggregate exposure and performance reports for the entire portfolio of a client, including those parts that are managed / advised by third parties;

- *Cash-flow forecast*: ALP conducts a comprehensive cash-flow forecast for its clients, taking into account the existing client's investment portfolio, client's future funding needs or new allocations to the portfolio, and using a proprietary cash-flow model developed for private markets funds. Furthermore, ALP can prepare long-term projections for the client portfolio (NAV growth and changes in asset class composition), using the cash-flow forecast and the IPS of the client;
- *Ancillary investments-related functions:* ALP supports its clients with a wide range of investment-related tasks such as the completion of subscription agreements, providing information about the client within the know-your-customer (KYC) process, monitoring of capital calls and distributions, monitoring of corporate actions within all investments and providing recommendations pertaining to such corporate actions, etc.; and
- *Selection of service providers*: ALP can assist the client with review of custodial relationships (or other service providers) and can help negotiate fees for the client.

Alpha Leonis Partner's clients are free to select any combination of the services listed above or to request additional services. The range of services the client receives as well as the fees for such services are specified in the investment advisory agreement, which must be signed by the client and by ALP before such services are provided.

Clients may impose reasonable restrictions as applicable for non-discretionary mandates.

While ALP's core services are focused on investment advisory mandates for its clients, the firm has received the license as asset manager ("Vermögensverwalter") with the Swiss regulator FINMA in Q4 2021. With the asset manager license, ALP would be able to offer discretionary mandates for its clients (subject to approval of such additional activity by the FINMA).

C. Client segmentation

Financial service providers are required to classify their clients into a client segmentation according to the law and adhere to the respective code-of-conduct. The Financial Services Act provides for 'retail clients', 'professional clients' and 'institutional clients' segments. For each client, a client classification is determined within the framework of the cooperation with the financial institution. Subject to certain conditions, the client may change the client classification by opting in or opting out.

ALP systematically conducts client segmentation for both its existing clients as well as potential new clients.

D. Information on risks and costs

General risks associated with financial instruments transactions

The investment advisory and portfolio management services involve financial risks. Prior to the execution of the contract, ALP provides its clients with a brochure which describes generic risks associated with financial instrument transactions[1]. Risks specific to services which are typically rendered by ALP are furthermore described in the section below.

Risks associated with the offered services

The risks inherent to a client's portfolio are linked to the pursued strategy, which is agreed between ALP and its clients at the outset of a business relationship and typically documented in an investment policy statement ("IPS").

[1] The brochure has been put together by the Swiss Banking Association and it can be found their website. The direct link to the most recent version of the brochure is: www.swissbanking.ch/_Resources/Persistent/6/1/3/c/613cf17d17e7628788b2135114e5d399e822778d/SBA_Risks_Involved_in_Trading_Financial_Instruments_2019_EN.pdf

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Aside from the general risks associated with financial instruments, clients advised by ALP can be subject to the following additional risks (may not be a complete list):

Lack of Control

ALP does not control the individual investments made by the selected fund managers, their choice of investments, or other investment decisions. There can be no assurance that such investments will be successful or will not result in substantial losses. Furthermore, there is no guarantee that the information and reports given to ALP or ALP's clients with respect to underlying investments will not be fraudulent, inaccurate or incomplete. Furthermore, past performances of recommended managers or funds or the success of a manager / deal sponsor in any similar venture is no assurance of future success.

Hedge Fund Investments

The risks inherent in investing in hedge funds include (but are not limited to) limited regulatory oversight, illiquidity, use of possibly speculative trading techniques, use of leverage or derivatives, short selling and hedging techniques. Despite the hedging tactics used by hedge fund managers to mitigate risk, investments held in hedge funds are susceptible to market movements that can be volatile and difficult to predict. The activities of governments can have an effect on interest rates which, in turn, affect prices of securities, options and derivatives as well as the liquidity of such markets. Politics, recession, inflation, employment levels, trade policies, international events, war, natural disasters, pandemics, and other unforeseen events can also have a significant impact upon the prices of securities. Additionally, some hedge funds are subject to limited withdrawal rights and early redemption fees. A fund may be unable to liquidate certain investments to pay withdrawals in a timely manner. Realization of value from the interests in a hedge fund may be difficult in the short-term or may have to be made at a substantial discount compared to other freely tradable investments.

Private Markets Funds (private equity or private real estate)

Investments in private markets funds are highly illiquid and the underlying company investments of these funds are also typically very illiquid. Generally, neither the interests in these funds nor their investment managers are registered with any state or federal regulators, and no readily available markets exist for interests in these funds. Clients should expect to hold such investments for the entire life of these funds, which typically range between eight and twelve years. Secondary markets are not readily available for private market funds and transactions on secondary markets can involve very substantial discounts as well as legal and brokerage costs. Historically, returns have varied greatly over time depending on the conditions at the time investments were made and when investments were exited by funds. In addition, access to high-quality private investment opportunities may be limited and there is no assurance that such opportunities will be available during the desired investment period. Private market funds are typically subject to substantial fees. Furthermore, funds are slow in reporting the value of their investments –the fund quarter end values are typically reported with a two to six months delay, with some funds publishing their valuations only on a semi-annual or annual basis.

Company idiosyncratic risks

ALP recommended investments might include direct and indirect investments in various companies, ventures and businesses ("Portfolio Companies"). This may include Portfolio Companies in the early phases of development, which can be highly risky due to the lack of: a significant operating history, experienced management, or a proven market for their products. ALP's investments may also include Portfolio Companies that are in a state of distress or which have a poor record and which are undergoing restructuring or changes in management, and there can be no assurances that such restructuring or changes will be successful. The management of such Portfolio Companies may depend on one or two key individuals, and the loss of the services of any of such individuals could adversely affect the performance of such Portfolio Companies.

Co-investments

When conducting due diligence on co-investment opportunities, ALP may be required to rely on the limited resources available, and due to the timing constraints inherent to the co-investment process, the scope of due diligence performed in connection with a co-investment is typically more narrow than the scope performed by a lead investor (typically, a private equity fund manager). There can be no assurance that due diligence investigations reveal all relevant information or result in a co-investment's success. These risks add to company idiosyncratic risks outlined above.

Economic, political and legal risks

Investments recommended by ALP may be based in several countries, including less developed countries, exposing investors to a range of potential economic, political and legal risks. These may include declines in economic growth, inflation, currency revaluation, nationalization, expropriation, taxation, governmental restrictions, adverse regulation, and social or political instability.

Currency risk

Investments recommended by ALP may be denominated in currencies which are different from the reporting currency of the client's portfolio. Any returns on, and the value of such investments could therefore be materially affected by exchange rate fluctuations, local exchange control, limited liquidity of the relevant foreign exchange markets, the convertibility of the currencies in question and/or other factors.

Leverage

The use of leverage magnifies both the favourable and unfavourable effects on equity values of ALP's investments. Many investments are likely to have highly leveraged capital structures, increasing their exposure to adverse economic factors such as rising interest rates, reduced cash flows, fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the company or its industry.

Tax Considerations

Investment in ALP's recommendations may involve complex income tax considerations that will differ for each investor. Given that ALP does not provide tax-related professional advice, clients should consult with their own appropriate legal/tax professional regarding the suitability of an investment recommended by ALP.

Identification of investment opportunities

The success of ALP depends on the availability and identification of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside of ALP's control. There can be no assurance that ALP will be able to identify enough attractive investment opportunities to meet the client's investment objectives or achieve a desired portfolio allocation over a specific period of time.

Possible lack of diversification

There can be no assurance as to the degree of diversification that will be achieved in the investments recommended by ALP. Concentrated investment exposure in a client's portfolio could magnify the other risks described herein. The client may participate in a limited number of investments and, as a consequence, the aggregate return of the client's portfolio could be substantially adversely affected by the unfavourable performance of even a single investment.

Operational Risk

ALP's team responsible for investment operations has a lot of experience and operates efficiently using well established procedures for the various aspects of the investment process. However, there remains the prospect of loss resulting from unexpected absence, and/or human error. While we operate using the "four-eye-principle", there can be no assurance that no mistakes will be made in the process. Such mistakes, omissions or delays could result in additional costs to the client.

For every new investment opportunity, ALP provides the client with a comprehensive Due Diligence Memorandum, which includes a section on risks associated with that particular investment as well as ALP's assessment as to how such risks are mitigated. ALP can at any time provide the client with further explanation of the key risks associated with the strategies recommended or with the services rendered.

Information on costs

As a remuneration for its services, ALP charges management fees based on assets under advisory, and with respect to some asset categories, also performance fees. Such fees are always laid out in the investment advisory agreement the client signs with ALP.

ALP does not receive any financial remuneration (or any other form of gratification) from third parties for recommending their investment products or services to its clients.

The below general discussion on fees and costs shall serve as for indicative purposes only.

Annual advisory / management fees

ALP annual advisory fees are typically calculated as a percentage of the market value of assets under advisement or, for investments that are not publicly listed (private markets), as a percentage of net asset value of Assets under Advisement or their cost, depending on the agreement with the clients. Calculation of fees, expressed as percentage of investments' net asset value is the predominant method of fee calculation for ALP's clients and it's performed on a quarterly basis as of March 31st, June 30th, September 30th, and December 31st per ALP's standard valuation policy. The annual fees for advisory services depend on size and complexity of the mandate.

ALP fees are invoiced to the client quarterly. They are paid either in arrears or in advance, depending on the agreement.

Performance-based compensation

With regard to investments in private markets, ALP typically charges performance fees. Such fees are based on realized gains (which are net of all annual fees and expenses charged by ALP) and are subject to a preferred return of typically 8% per annum. Only after realized gains in excess of the preferred return have been paid to clients, does the performance fee become operative. Performance fees can range between 5% and 20% of net realized gains, depending on the complexity of the investment and the strategy applied.

Due Diligence Expenses

Depending on their scope, ALP may charge the client with third-party expenses related to due diligence conducted by ALP on investments added to client's portfolio. These expenses are primarily fees paid to law firms for legal and / or tax review but they might also include some travel expenses related to due diligence of a particular investment. Every investment advisory agreement between ALP and its client defines limits for such expenses, and charges above these limits require prior explicit approval by the client. Due diligence expenses are allocated to clients on a pro-rata basis depending on the amount they invest / commit to a deal. If the transaction is not consummated, such "broken deal" costs are borne by ALP.

Other fees

ALP's fees listed above are exclusive of brokerage commissions, custody fees, transaction fees, wire transfer fees and other related costs and expenses which might be incurred by the client which are outside of ALP's control. Furthermore, ALP's fees do not include fees charged by external fund managers, which are typically disclosed in the respective fund offering documents.

E. Information about relationships with third parties

In connection with the financial services offered by some financial institutions, economic ties may sometimes exist with third parties.

In providing its services, ALP is fully independent of banks, providers of financial products or any other institutions operating in the financial industry. ALP has no obligation to promote any financial products or services and does not receive any remuneration from third parties.

ALP does not receive any portion of the fees charged to the client by external managers or by any other service providers. ALP also does not receive any economic benefits from any third parties with regard to investment advisory services provided to our clients.

ALP does not engage in any financial industry activities other than those provided to our clients as described in this brochure. ALP and its employees do not have any affiliations with the financial industry that could create a conflict of interests and be detrimental to services delivered to our clients.

ALP might enter into agreements with third parties whereby ALP would compensate a third party for marketing ALP's investment products or services to new clients (in each case in compliance with the local regulations).

F. Information on the market offer considered

Alpha Leonis Partners has the experience and the bandwidth to cover essentially the entire investment universe and tries to make the best possible choice for its clients when selecting financial instruments.

Within the existing mandates, clients allocate a substantial part of their assets with third-party fund managers recommended by ALP. ALP's own collective investments can – where appropriate – also be used in the asset management mandates or recommended as part of investment advice.