

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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|                             |                     |        |         |            |            |                   |
|-----------------------------|---------------------|--------|---------|------------|------------|-------------------|
| Name of Investment Adviser: |                     |        |         |            |            |                   |
| Address:                    | (Number and Street) | (City) | (State) | (Zip Code) | Area Code: | Telephone Number: |

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

**Table of Contents**

| <b><u>Item Number</u></b> | <b><u>Item</u></b>  | <b><u>Page</u></b> |
|---------------------------|---|--------------------|
| 1                         | Advisory Services and Fees .....  | 2                  |
| 2                         | Types of Clients .....  | 2                  |
| 3                         | Types of Investments .....  | 3                  |
| 4                         | Methods of Analysis, Sources of Information and Investment Strategies ..... | 3                  |
| 5                         | Education and Business Standards .....                                      | 4                  |
| 6                         | Education and Business Background .....                                     | 4                  |
| 7                         | Other Business Activities .....   | 4                  |
| 8                         | Other Financial Industry Activities or Affiliations .....                   | 4                  |
| 9                         | Participation or Interest in Client Transactions .....                      | 5                  |
| 10                        | Conditions for Managing Accounts .....                                      | 5                  |
| 11                        | Review of Accounts .....  | 5                  |
| 12                        | Investment or Brokerage Discretion .....                                    | 6                  |
| 13                        | Additional Compensation .....   | 6                  |
| 14                        | Balance Sheet .....   | 6                  |
|                           | Continuation Sheet .....  | Schedule F         |

(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant:

SEC File Number:

Date:

801-

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                              |  |         |
|------------------------------|--|---------|
| <input type="checkbox"/> (1) | Provides investment supervisory services .....   | _____ % |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services.....  | _____ % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above...  | _____ % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription .....  | _____ % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above.....   | _____ % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____ % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities...   | _____ % |
| <input type="checkbox"/> (8) | Provides a timing service .....  | _____ % |
| <input type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above.....   | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

|    |   |                          |                          |
|----|---|--------------------------|--------------------------|
|    |   | Yes                      | No                       |
| B. | Does applicant call any of the services it checked above financial planning or some similar term? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> |

**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> A. Individuals                      | <input type="checkbox"/> E Trusts, estates, or charitable organizations                     |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

**FORM ADV**  
**Part II - Page 3**

Applicant:

SEC File Number:  
801-

Date:

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> A. Equity securities                                       | <input type="checkbox"/> H. United States government securities     |
| <input type="checkbox"/> (1) exchange-listed securities                             | <input type="checkbox"/> I. Options contracts on:                   |
| <input type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                             |
| <input type="checkbox"/> (3) Foreign issuers  | <input type="checkbox"/> (2) commodities                            |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                   |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                              |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                            |
| <input type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                            |
| <input type="checkbox"/> G. Investment company securities:                          | <input type="checkbox"/> (2) oil and gas interests                  |
| <input type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)          |
| <input type="checkbox"/> (2) variable annuities                                     | <input type="checkbox"/> L. Other (explain on Schedule F)           |
| <input type="checkbox"/> (3) mutual fund shares                                     |   |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |  |  |
|--|--|
| (1) <input type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical   |  |

---

B. The main sources of information applicant uses include: (check those that apply)

- |  |   |
|--|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services                                |
| (2) <input type="checkbox"/> Inspections of corporate activities   | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission  |
| (4) <input type="checkbox"/> Corporate rating services             | (7) <input type="checkbox"/> Company press releases                         |
|  | (8) <input type="checkbox"/> Other (explain on Schedule F)                  |

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C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales  |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

**FORM ADV**  
**Part II - Page 4**

Applicant:

SEC File Number:  
801-

Date:

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
☐ ☐

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No  
☐ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

Applicant:

SEC File Number:  
801-

Date:

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No  
☐ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.
- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Applicant:

SEC File Number:  
801-

Date:

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                          |                          |
|--|--------------------------|--------------------------|
|  | Yes                      | No                       |
| (1) securities to be bought or sold? .....           | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? ..... | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....               | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                     | <input type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☐ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                          |                          |
|---|--------------------------|--------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                      | No                       |
|   | <input type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                      | No                       |
|   | <input type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☐ No

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Applicant:                            | SEC File Number: | Date:   |
| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|  |                       |
|--|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br>Absolute Return Capital Advisors, LLC | IRS Empl. Ident. No.: |
| Item of Form<br>(identify)   | Answer                |

Item 1C(6), Item 1D

**ADVISORY SERVICES AND FEES**

Absolute Return Capital Advisors, LLC ("ARCA") is a limited liability company formed under the laws of the State of California and domiciled in the State of California. ARCA primarily offers investment advisory services to individuals and high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business organizations. ARCA's services and fee arrangements are described in the following pages

This Schedule F narrative provides clients with information regarding ARCA and the qualifications, business practices, and nature of advisory services that should be considered before becoming a client of ARCA.

Individuals associated with ARCA will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of ARCA. Such individuals are known as Investment Adviser Representatives (IARs).

Additional information about ARCA is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for ARCA is 133680.

**Portfolio Management**

ARCA's portfolio management service is designed to assist clients in meeting their financial goals through the use of financial investments. For each portfolio management client, ARCA will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client's current financial situation, existing resources, financial goals, and tolerance for risk. Based on the foregoing, ARCA will propose an investment approach to the client under one of five investing programs that ARCA has developed in providing portfolio management services. ARCA may propose and deem the client to be within the following program(s): Diversified Growth Program, Aggressive Growth Program, Global Resources, Global Income, and China Focus Program. Because ARCA operates under a limited power of attorney, ARCA is authorized to create and manage client portfolios as well as make transactions in client accounts. However, ARA never takes custody or control of client securities or funds. Once the appropriate program is selected for the client, ARCA will work with the client to establish or transfer investment accounts so that ARCA is able to manage the client's portfolio. In addition, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Once the relevant accounts are under ARCA's management, ARCA will review such accounts on a regular basis and at least quarterly. ARCA may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify ARCA so that ARCA can consider such information in managing the client's investments.

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

Absolute Return Capital Advisors, LLC

SEC File Number:

801-

Date:

09/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Absolute Return Capital Advisors, LLC

IRS Empl. Ident. No.:

Item of Form  
(identify)

Answer

**Diversified Growth Program**

ARCA's Diversified Growth Program sets up and manages a diversified portfolio consisting of 15 to 30 individual positions. The program invests in securities and/or funds benefiting from broad global macroeconomic trends such as geopolitical shifts, demographic changes and broad consumer trends.

| Assets Under Management   | Annual Advisory Fee |
|---------------------------|---------------------|
| \$0 - \$1,000,000         | 2.50%               |
| \$1,000,001 – \$2,000,000 | 2.00%               |
| \$2,000,001 – \$3,000,000 | 1.50%               |
| Over \$3,000,000          | 1.00%               |

**Aggressive Growth Program**

ARCA's Aggressive Growth Program is designed for aggressive growth focused on, but not limited to, China's economic emergence. This program invests in Chinese and global companies that benefit from Asia Pacific growth.

| Assets Under Management   | Annual Advisory Fee |
|---------------------------|---------------------|
| \$0 - \$1,000,000         | 2.50%               |
| \$1,000,001 – \$2,000,000 | 2.00%               |
| \$2,000,001 – \$3,000,000 | 1.50%               |
| Over \$3,000,000          | 1.00%               |

**Global Resources Program**

ARCA's Global Resources Program invests in commodity-backed securities and companies that generate significant earnings from resource industries. The investment sectors in this program include, but is not limited to: energy, agriculture, precious metals, industrial metals, and strategic raw materials.

| Assets Under Management   | Annual Advisory Fee |
|---------------------------|---------------------|
| \$0 - \$1,000,000         | 2.50%               |
| \$1,000,001 – \$2,000,000 | 2.00%               |
| \$2,000,001 – \$3,000,000 | 1.50%               |
| Over \$3,000,000          | 1.00%               |



**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Applicant:                            | SEC File Number: | Date:   |
| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|  |        |                       |
|--|--------|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br>Absolute Return Capital Advisors, LLC |        | IRS Empl. Ident. No.: |
| Item of Form<br>(identify)   | Answer |                       |

**Global Income Program**

ARCA's Global Income Program invests in high-yield securities and financial instruments to create a diversified portfolio with multiple streams of income. This Program takes a global approach to income generation by investing across multiple industries, asset classes, and sectors in a variety of countries.

| Assets Under Management   | Annual Advisory Fee |
|---------------------------|---------------------|
| \$0 - \$1,000,000         | 2.00%               |
| \$1,000,001 - \$2,000,000 | 1.50%               |
| Over \$2,000,000          | 1.00%               |

**China Focus Program**

ARCA's China Focus Program mainly invests in Chinese companies listed in the U.S., Hong Kong, and other companies that are tied economically to the China region. The program is near-fully invested at all times, benefiting from business sectors with strong earnings growth.

| Assets Under Management   | Annual Advisory Fee |
|---------------------------|---------------------|
| \$0 - \$1,000,000         | 2.50%               |
| \$1,000,001 - \$2,000,000 | 2.00%               |
| \$2,000,001 - \$3,000,000 | 1.50%               |
| Over \$3,000,000          | 1.00%               |

For these five different investment programs, the annual management fees are generally not negotiable. However, clients may receive a discounted fee in recognition for referring other clients to ARCA. The annual advisory fees are pro-rated based on the net value of the account and is calculated and billed in advance each quarter. In the event that the client terminates ARCA's services before the end of a billing period, the client shall be assessed a pro-rata fee based on the number of days the client's account was managed by ARCA.

Unless the client requests direct billing or the client's custodian does not facilitate the direct deduction of fees, fees will be automatically deducted from the client's account. If fees are deducted from the client's account, the client adheres and acknowledges the following:

- The custodian sends statements at least quarterly to the client showing all disbursements for the custodian account, including the amount of the advisory fees;
- The client provides authorization permitting MPWA to be directly paid by these terms;

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Applicant:                            | SEC File Number: | Date:   |
| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|  |        |                       |
|--|--------|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br>Absolute Return Capital Advisors, LLC |        | IRS Empl. Ident. No.: |
| Item of Form<br>(identify)   | Answer |                       |

- c) If MPWA sends a copy of its invoice to the client, MPWA sends a copy of its invoice to the custodian at the same time it sends its invoice to the client;
- d) If MPWA sends a copy of its invoice to the client, MPWA's invoice includes a legend as required by paragraph (a)(2) of rule 206(4)-2 under the Investment Advisers Act of 1940.\*

\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

ARCA's fee schedule does not include the following separately incurred expenses, of which ARCA does not receive any part: mutual fund expenses, exchange traded fund expenses, trading costs, and custodial costs. These fees will be separately charged by the relevant parties and borne by the client.

Either party may terminate the investment advisory agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing ARCA's investment advisory agreement. After five (5) business days, clients will receive a pro-rata refund, which takes into account work completed by ARCA on behalf of the client. The client will incur charges for bona fide advisory services rendered to the point of termination, and such fees will be due and payable by the client.

No portion of ARCA's compensation shall be based on capital gains or capital appreciation of assets under management except as provided for under the Investment Advisers Act of 1940.

**Performance Based Fees**

Investment Objective: ARCA seeks to realize positive returns in all market environments by taking calculated risks and searching for opportunities in all financial markets. ARCA aims for absolute returns with favorable risk-reward characteristics.

Investment Process: ARCA relies on generating investment ideas by bringing a variety of experience in multiple industries and geographies to the process. ARCA utilizes a variety of sources (company filings, raw economic data, official statements, etc.) and market conditions to analyze and develop a strategy. ARCA does not take a position unless it believes that it has evaluated its strategy with intellectual rigor and honesty. Prior to taking a position, ARCA articulates its exit strategy.

Buy/Sell Discipline: ARCA seeks to limit risk by setting pre-determined thresholds at which to sell. ARCA aims to sell when our target price is achieved, or when our broader outlook for the asset-class changes.

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Applicant:                            | SEC File Number: | Date:   |
| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|  |        |                       |
|--|--------|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br>Absolute Return Capital Advisors, LLC |        | IRS Empl. Ident. No.: |
| Item of Form<br>(identify)   | Answer |                       |

**Portfolio Construction (Rules and Approach):** The design of a client's portfolio may fall under the five investment approaches outlined above. However, if ARCA is compensated by performance fees, ARCA reserves the right to hold 100% of the portfolio in cash if ARCA does not see compelling opportunities.

**Risk Management:** ARCA recognizes that all assets carry risk and ARCA tries to understand them before it enters in positions so that ARCA is better prepared to respond quickly to changing conditions. ARCA monitors risk on both an individual position and portfolio perspective on an ongoing basis. ARCA intentionally limits the number of positions in the portfolio so ARCA can manage risk effectively.

**Fee Information for Performance Based Fees**

As an alternative to paying the annual management fee, ARCA's high net-worth "qualified clients" may compensate ARCA by paying a performance fee to be determined by investment performance, in lieu of the annual management fee, if agreed upon in the Investment Advisory Agreement.

An investment adviser can charge performance based fees provided these fees are only offered to "qualified clients".

The definition of "qualified clients" can be found in SEC Section 275.205-3.

"Qualified Client" pursuant to SEC 275.205-3 means:

(i) A natural person who or a company that immediately after entering into the contract has at least \$750,000 under the management of the investment adviser;

(ii) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000, at the time the contract is entered into; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Applicant:                            | SEC File Number: | Date:   |
| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|  |        |                       |
|--|--------|-----------------------|
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|  |   |
|--|---|
|  | <p>ARCA's performance fee will be paid quarterly in arrears. The performance fee will be assessed on the net returns of such accounts at the end of each calendar year or when an account is closed. In determining the net return on Client accounts, ARCA considers the quarterly "high water mark," the highest value of the assets during the quarter previous to the end of the current billing period (as adjusted for deposits and withdrawals of capital). In the event that the ARCA fails to achieve an investment return during the year prior to a billing period, no performance fee would be due to ARCA for that quarter of management of client's account.</p> <p>The performance fee is calculated as follows: ARCA will receive 20% of the net capital appreciation (i.e. capital appreciation less capital depreciation and any accumulated net capital depreciation carry-forward from prior periods) of each client's account. This performance fee is payable only if and to the extent that the net capital appreciation of the client's account exceeds any net capital depreciation accumulated during the performance fee period (as adjusted for withdrawals of capital). ARCA may, in its discretion, waive all or any portion of the performance fee or may agree with a client to other changes to the performance fee by written agreement only.</p> <p>In the event that the client terminates the managed account before the end of the year and there is a net return during the performance fee period, the client shall be billed a performance fee on assets under management for all profits accrued during the performance period to termination date, as agreed upon in the Investment Advisory Agreement. All performance fees will comply with Section 205 of the Investment Advisers Act of 1940, Rule 205-3 thereunder, or similar state statutes, as applicable.</p> <p>Unless the client requests direct billing or the client's custodian does not facilitate the direct deduction of fees, fees will be automatically deducted from the client's account. If fees are deducted from the client's account, the client adheres and acknowledges the following:</p> <ul style="list-style-type: none"><li>a) The custodian sends statements at least quarterly to the client showing all disbursements for the custodian account, including the amount of the advisory fees;</li><li>b) The client provides authorization permitting MPWA to be directly paid by these terms;</li><li>c) If MPWA sends a copy of its invoice to the client, MPWA sends a copy of its invoice to the custodian at the same time it sends its invoice to the client;</li><li>d) If MPWA sends a copy of its invoice to the client, MPWA's invoice includes a legend as required by paragraph (a)(2) of rule 206(4)-2 under the Investment Advisers Act of 1940.*</li></ul> <p>*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.</p> |
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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

|                                       |                  |         |
|---------------------------------------|------------------|---------|
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| Absolute Return Capital Advisors, LLC | 801-             | 09/2010 |

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Either party may terminate the agreement at any time by providing written notice to the other party. Clients will not be charged advisory fees only in cases where cancellation occurs within five (5) business days of signing our investment advisory agreement. After five (5) business days, clients will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client.

In addition to ARCA's annual investment management fee and any performance fees, the client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the funds prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

**ADDITIONAL INFORMATION CONCERNING FEES**

The fees charged are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

All fees paid to ARCA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. Such fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of ARCA. In that case, the client would not receive the services provided by Adviser which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition and objectives. Accordingly, the clients should review both the fees charged by the funds and the fees charged by ARCA to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to Adviser. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance.

Adviser shall never have custody of any client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services.

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

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Advice offered by ARCA may involve investments in money market funds. Clients are hereby advised that all fees paid to ARCA for investment advisory services are separate and distinct from the fees and expenses charged by money market funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Adviser does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by money market funds, Adviser, and others to fully understand the total amount of fees to be paid by the client.

In performing its services, ARCA shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. The client is free to accept or reject any recommendation made by ARCA. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify ARCA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising ARCA's previous recommendations and/or services. ARCA's clients are advised to promptly notify ARCA if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon ARCA's investment management services.

Neither ARCA nor the client may assign the investment advisory agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of ARCA shall not be considered an assignment.

A copy of the written disclosure statement for ARCA, as set forth on Part II of Form ADV, shall be provided to each client prior to, or contemporaneously with, the execution of ARCA's respective client agreement. Any client who has not received a copy of ARCA's written disclosure statement at least forty-eight (48) hours prior to executing the initial applicable agreement shall have five (5) business days subsequent to executing the agreement to terminate Adviser's services without penalty.

Pursuant to CCR Section 260.238(j), ARCA hereby discloses that clients may receive the same or comparable services from other Financial Advisers at a lower fee.

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, ARCA discloses that it may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, ARCA may recommend that clients execute transactions through unaffiliated broker-dealers further described in Item 12.B of Schedule F. In any event, the client is under no obligation to act upon ARCA's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through ARCA, or any of the unaffiliated broker-dealers listed in Item 12.B of Schedule F.

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

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801-

Date:

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Item of Form  
(identify)

Answer

Item 2G

**OTHER TYPES OF CLIENTS**

ARCA's clients may include fund of funds.

Item 5

**EDUCATION AND BUSINESS STANDARDS**

All individuals that render investment advisory services on behalf of ARCA must have earned a college degree or have 3 to 5 years of investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.

Item 6

**EDUCATIONAL AND BUSINESS BACKGROUND****Robert Hsu**

Year of Birth: 1968

**Business Background**

11/07 – 11/09: Pearl River Capital Management, LLC

General Partner

7/04 – Present: Absolute Return Capital Advisors, LLC

Managing Member and Chief Compliance Officer

1/99 – 6/04: Self Employed (Independent Investor)

4/97 – 1/99: Goldman Sachs &amp; Co

Trader

10/95 – 4/97: Willowbridge Associates

Quantitative Analyst and Trader

**Educational Background**

1989. B.S., Economics, UCLA

**Professional Designations and/or Exam(s)**

1989 – Series 3

2000 – Series 65

Robert Hsu, born 1968, is the founding managing director of ARCA. Mr. Hsu's education includes a Bachelor's Degree in Economics from UCLA as well as passing the Series 3 and Series 65 examinations. Prior to forming ARCA in 2004, Mr. Hsu managed personal funds as a private investor. Before retiring to become an independent investor, he served as a proprietary trader at Goldman Sachs. While at Goldman, Mr. Hsu managed money for the firm's Hedge Fund Strategy Group. Prior to working for Goldman, Mr. Hsu worked as a quantitative analyst and trader at Willowbridge Associates. Mr. Hsu has professional experience trading equities, interest rates, international equities, currencies and commodities.

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**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

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|---------|---|
| Item 9E | <p><b><u>PARTICIPATION OR INTEREST IN CLIENTS TRANSACTIONS / CODE OF ETHICS</u></b></p> <p>ARCA's Investment Adviser Representatives may buy or sell for itself securities that it also recommends to clients.</p> <p><b><u>Insider Trading</u></b></p> <p>ARCA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by ARCA.</p> <p><b><u>Conflicts of Interest</u></b></p> <p>All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.</p> <p><b><u>Code of Ethics</u></b></p> <p>As these situations represent a conflict of interest, Adviser has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <ol style="list-style-type: none"><li>1) Associated persons of Adviser shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with the Adviser, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory clients. <sup>(1) (2)</sup></li><li>2) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.</li><li>3) Adviser emphasizes the unrestricted right of the clients to decline to implement any advice rendered, except in situations where a Third Party Advisory Service is granted discretionary authority in the client's account.</li><li>4) Adviser requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</li><li>5) Any individual not in observance of the above may be subject to termination.</li></ol> <p>Notes:</p> <p><sup>(1)</sup> This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of Adviser's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with Adviser's records in the manner set forth above.</p> <p><sup>(2)</sup> Open-end mutual funds and/or the investment sub-accounts, which may comprise a variable insurance product, are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by IARs are not likely to have an impact on the prices of the fund</p> |
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**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

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|             |   |
|-------------|---|
|             | <p>shares in which clients invest, and are therefore not prohibited by Adviser's Investment policies and procedures.</p> <p>A copy of Adviser's Code of Ethics is available upon request.</p>   |
| Item 10     | <p><b><u>CONDITIONS FOR MANAGING ACCOUNTS</u></b></p> <p>Adviser generally requires a minimum account size of \$300,000 for managed accounts. This account requirement is negotiable in certain circumstances.</p>  |
| Items 12A,B | <p><b><u>INVESTMENT OR BROKERAGE DISCRETION</u></b></p> <p>Adviser has the authority without specific client consent to determine the securities to be bought or sold. It should be noted that Adviser, in conjunction with the client, selects the broker dealer to be used and that Adviser does not negotiate commissions paid by individual clients, except as part of a package price or discount paid by all clients using that broker dealer. Adviser does not have custody of client funds or authority to remove funds from clients' accounts except to instruct the custodian to return funds directly to clients or to deduct advisory fees from the account on a quarterly basis.</p> <p><b><u>Suggestion of Brokers</u></b></p> <p>Adviser may execute or recommend that clients execute their securities transactions through various firms. The choice of which firm to execute trades through will be determined on the financial strength of the broker or dealer, its reputation, pricing and ability to execute trades in a timely manner. In appropriate cases, Adviser executes block trades and then allocate the shares to each client based on the relative size of their account. Adviser may execute or recommend that clients execute their securities transactions through various firms including, but not limited to broker-dealers such as Fidelity Institutional Wealth Services ("FIWS") through Fidelity Brokerage Services LLC. FIWS may charge commissions (ticket charges) for executing Adviser's transactions. Adviser does not receive any part of these separate charges which are assessed directly to clients. FIWS does not have a role with respect to Adviser's investment advisory accounts, however it may serve as the broker-dealer in cases where clients wish to execute recommendation as part of the implementation of a financial plan. It is important to note that FIWS does not maintain supervisory relationships with respect to Adviser or its representatives nor are they in any way affiliated with it. Adviser is independently owned and operated.</p> <p>Adviser may recommend/require that clients establish accounts with FIWS to maintain custody of clients' assets and to effect trades for their accounts. FIWS may provide Adviser with access to their institutional trading and custody services, which are typically not available to FIWS retail investors. FIWS's services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.</p> |

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**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

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For Adviser's clients' accounts maintained in their custody, FIWS does not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through FIWS or that settle into FIWS accounts.

FIWS also makes available to Adviser other products and services that may benefit Adviser but which may not benefit its clients. These types of services will help Adviser in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of Adviser's fees from its clients' accounts; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of Adviser's accounts.

Adviser does not maintain custody of client assets. In all managed account cases, the custodian sends monthly statements to Adviser's clients showing all disbursements for the custodian account including the amount of the advisory fees. Clients provide written authorization permitting Adviser to be paid directly for their accounts held by the custodian or trustee. In appropriate cases, Adviser execute block trades and then allocate the shares to each client based on the relative size of their account.

**Directed Brokerage**

Some clients may instruct ARCA to use one or more particular broker-dealers for the transactions in their accounts. Clients who may want to direct ARCA to use a particular broker-dealer should understand that this may prevent ARCA from effectively negotiating brokerage costs on their behalf. This arrangement may also prevent ARCA from obtaining the most favorable net price and best execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker-dealer are adequately favorable in comparison to those that ARCA would otherwise obtain for its clients. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

ARCA reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than FIWS, if ARCA believes that the broker dealer would adversely affect ARCA's fiduciary duty to the client and/or ability to effectively service the client portfolio.

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Applicant:

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SEC File Number:

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Item of Form  
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Item 13A

**ADDITIONAL COMPENSATION**

Adviser may receive research and execution related services from the parties mentioned in Item 12B of Schedule F to assist Adviser in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

Miscellaneous

**MISCELLANEOUS****Proxy Voting Policy**

Adviser does not vote client proxies.

**Privacy Policy**

Adviser does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law. Adviser is committed to safeguarding the confidential information of its clients. Adviser holds all personal information provided by clients in the strictest confidence and it is the objective of Adviser to protect the privacy of all clients. Except as permitted or required by law, Adviser does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Adviser will provide clients with written notice and clients will be provided an opportunity to direct Adviser as to whether such disclosure is permissible. Adviser delivers a copy of its privacy policy to all clients on an annual basis.

To conduct regular business, Adviser may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Adviser;
- Information about the client's transactions implemented by others and viewable by Adviser;
- Information developed as part of analyses or investment advisory services.

To administer, manage, service, and provide related services for client accounts, it is necessary for Adviser to provide access to customer information within the firm and to nonaffiliated companies with whom Adviser has entered into agreements with. To provide the utmost service, Adviser may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Adviser's behalf.

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- Information Adviser receives from the client on applications (name, social security number, address, assets, etc.);
- Information about the client's transactions with Adviser or others (account information, payment history, parties to transactions, etc.);
- Information concerning investment advisory account transactions;
- Information about a client's financial products and services with Adviser.

**How We Protect Information**

Adviser maintains the confidentiality of the information that its clients provide. Adviser protects client's information by meeting all laws setting forth procedures for providing physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information. All people who work for Adviser are trained to handle client's information properly in order to maintain its security. Adviser also restricts access to personal information about clients to only those employees who need such information to provide service(s) to the client. Adviser maintains physical, electronic, and procedural safeguards that comply with industry standards to guard clients' personal information. Adviser does not sell or market clients' or prospective clients' personal information to third parties. Adviser does not disclose any information about its clients or former clients to anyone, except as needed by our service providers (e.g., broker, accountants, attorneys and auditors) or as required by law.

**Changes in Privacy Policy**

Adviser may modify the policy at any time. If substantial changes are made as to the use and dissemination of confidential client information, Adviser will provide written notification to client in advance.

**Questions**

Please contact Robert Hsu, Managing Member and Chief Compliance Officer, if you have any questions about this Schedule F narrative.